

Villages of Marlborough Community Association, Inc

Bylaws

TABLE OF CONTENTS

BY-LAWS
VILLAGES OF MARLBOROUGH COMMUNITY ASSOCIATION, INC.

	<u>Page</u>
Article I - Name and Location	
Section 1. Name and Location	1
2. Applicability	1
Article II - Definitions	
Section 1. Declaration	1
2.-17. Other Definitions	1-2
Article III - Membership	
Section 1. Members	2
2. Classification of Members	3
3. Assignment of Membership	3
4. Liquidation Rights	3
5. Method of Voting Membership Held by More Than One Person	4
Article IV - Meeting of Members	
Section 1. Place of Meeting	4
2. Annual Meetings	4
3. Special Meetings	4
4. Notice of Meetings	4
5. Quorum	4
6. Adjourned Meetings	5
7. Voting	5
8. Proxies	5
9. Rights of Mortgagees	6
10. Order of Business	6
Article V - Directors	
Section 1. Number	6
2. Powers and Duties	7
3. Management Agent	7
4. Budget	7
5. Term of Office	8
6. Vacancies	8
7. Removal	8
8. Compensation	8
9. Organizational Meeting	8
10. Regular Meetings	9
11. Special Meetings	9
12. Waiver of Notice	9
13. Quorum	9
14. Action Without Meeting	9
15. Fidelity Bonds	9
Article VI - Officers	
Section 1. Designation	9
2. Election of Officers	10
3. Removal of Officers	10
4. President	10
5. Vice President	10

		<u>Page</u>
6.	Secretary	10
7.	Treasurer	10
	Article VII - Liability and Indemnification of Officers and Directors	
Section 1.	Liability and Indemnification of Officers and Directors	10
2.	Common or Interested Directors	11
	Article VIII - Management	
Section 1.	Management and Common Expenses	12
2.	Management Agent	12
3.	Easements for Utilities and Related Purposes	12
4.	Limitation of Liability	13
5.	Fiscal Year	13
6.	Books and Accounts	13
7.	Auditing	13
8.	Inspection of Books	13
9.	Execution of Association Documents	14
	Article IX - Use Restrictions	
Section 1.	Residential Use	14
2.	Leasing	14
3.	Rule-Making Authority	14
	Article X - Destruction and Damage	
Section 1.	Use of Insurance Proceeds	14
2.	Proceeds Insufficient	14
	Article XI - Architectural Standards	
Section 1.	Architectural Standards Committee	15
2.	Architectural Standards Committee - Operation	16
3.	Approvals, Etc.	16
4.	Limitations	16
5.	Certificate of Compliance	17
6.	Rules and Regulations, Etc.	17
	Article XII - Amendment and Approvals	
Section 1.	Amendments by Members	17
2.	Amendments by Declarant	17
3.	FHA/VA Approval	17
	Article XIII - Mortgages - Notices	
Section 1.	Notice to Board of Directors	17
2.	Consents	17
3.	Definition	18
	Article XIV - Interpretation - Miscellaneous	
Section 1.	Conflict	18
2.	Notices	18
3.	Severability	18
4.	Waiver	18
5.	Captions	18
6.	Gender, Etc.	18

BY-LAWS
OF
VILLAGES OF MARLBOROUGH COMMUNITY ASSOCIATION, INC.

ARTICLE I

Section 1. Name and Location. The name of this Corporation is VILLAGES OF MARLBOROUGH COMMUNITY ASSOCIATION, INC. Its principal place of business and mailing address is 14744 Main Street, Upper Marlboro, Maryland 20772. Said principal office may be changed by the Board of Directors at any time and from time to time. The Corporation is a non-profit, non-stock corporation organized under the laws of the State of Maryland. The Corporation may have such other offices within or without the State of Maryland as the Board of Directors or the Members may from time to time designate. This Corporation shall be the Association described in the Declaration, and for purposes of identification shall be hereinafter referred to in these By-Laws as the "Corporation".

Section 2. Applicability. These By-Laws and each provision thereof shall be applicable to all Lots, Units and Members within the communities known as Villages of Marlborough Community Association, Inc., situate in Prince George's County, Maryland, and described in the Declaration.

ARTICLE II
DEFINITIONS

Section 1. "Declaration" as used herein, means that certain Declaration of Covenants, Conditions and Restrictions made the 6th day of JUNE, by MARLBOROUGH DEVELOPMENT CORPORATION, a Maryland corporation, recorded among the Land Records of Prince George's County, Maryland, and any declaration amendatory or supplementary thereto.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot or Condominium Unit, which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Occupant" shall mean any person owning, leasing or otherwise occupying a Unit situate on the property.

Section 4. The "Property" or "Properties" shall mean all that real property in the Declaration together with such additions thereto as may hereafter be made.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the "Properties" with the exception of the Common Areas and publicly dedicated rights-of-way.

Section 6. "Association" shall mean the VILLAGES OF MARLBOROUGH COMMUNITY ASSOCIATION, INC.

Section 7. "Member" shall mean and refer to every person, group of persons or entity who holds membership in the Association, including the Declarant.

Section 8. "Common Areas" shall mean all real property (including the improvements thereon) owned by the Association for the common use and enjoyment of the owners. The Common Areas to be owned by the Association at the time of conveyance of the first Lot or Unit are described in Exhibit "B", of the Declaration.

Section 9. "Improvements/Community Facilities" shall mean any improvements or community facility constructed on the Common Areas.

Section 10. "Declarant" or "Developer" shall mean and refer to MARLBOROUGH DEVELOPMENT CORPORATION, a Maryland corporation, its successors and assigns and any other legal entity who, in conjunction with or in lieu of MARLBOROUGH DEVELOPMENT CORPORATION, develops Units on the Property, if such successor, assign or legal entity should acquire more than one undeveloped lot from the Declarant for the purpose of development.

Section 11. "Person" shall mean any individual, firm, corporation, partnership, association, trust or other legal entity or any combination thereof.

Section 12. "Community" shall mean the developments known as "The Villages of Marlborough" situate on the Property.

Section 13. "Manager" or "Management Agent" shall mean and refer to that person, company or other entity retained by the Association to provide maintenance and management services (including the collecting and disbursing of Association funds upon appropriate direction therefor) for the Community.

Section 14. "Specific Design Plan" shall mean that Plan which is approved by the Prince George's County Planning Board, as the third phase of the Comprehensive Design Zone process, as set forth in the Prince George's County Zoning Ordinance.

Section 15. "Unit" shall mean any Condominium Unit or single family dwelling located on any lot of the property.

Section 16. "Institutional Mortgagee" shall mean and refer to the holder of any mortgage or deed of trust on any Lot or Unit provided such holder is an institutional lender and/or a licensed mortgage banker.

Section 17. Any other term used in these By-Laws shall have the same meaning as set forth in the Declaration except where said meaning is clearly inappropriate.

ARTICLE III MEMBERSHIP

Section 1. Members. Every person, group of persons, corporation, trust, firm, partnership, association or other legal entity, or any combination thereof, which owns or occupies a Lot or Unit within that portion of the Community subject to the Declaration shall be a member of the Association; PROVIDED, HOWEVER, that any person, group of persons, corporation, trust, firm, partnership, association or other legal entity, or any combination thereof, which holds such interest solely as security for the performance of an obligation shall not be a member solely by reason of such interest.

assigned to any non-profit corporation, association, trust or other organization organized and operated for such similar purposes.

Section 5. Method of Voting Membership Held by More Than One Person. In the event a membership is held by more than one person, that membership shall, nevertheless, be entitled to only one indivisible vote. The method of voting such membership shall be as described in Article IV, Section 7 of these By-Laws.

ARTICLE IV MEETING OF MEMBERS

Section 1. Place of Meeting. Meetings of the membership shall be held at the principal office or place of business of the Association or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the members of the Association shall be held at such time as the Board of Directors shall determine but shall be held, in any event, within one (1) year following the date of filing of the Articles of Incorporation with the State Department of Assessments and Taxation of Maryland. Thereafter, the annual meetings of the members of the Association shall be held on such date as the Board of Directors may determine but not less than three nor more than five months after the last day of the Association's fiscal year. If the Board of Directors shall fail to set a date for the annual meeting, in any year, then such meeting for that year shall be held at 8:00 p.m. on the third Wednesday of April. At such meeting there shall be elected by ballot of the members of a Board of Directors in accordance with the requirements of Section 5 of Article V of these By-Laws. The members may also transact such other business of the Association as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by members representing at least twenty percent (20%) of the total membership entitled to vote having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each meeting or special meeting, stating the purpose thereof as well as time and place where it is to be held, to each member of record, at his address as it appears on the membership books of the Association, or if no address appears, at his last known place of address, at least ten but not more than ninety days prior to such meeting. Service may also be accomplished by the delivery of any such notice to the member of his Unit or last known address. Attendance by a member at any meeting of the members shall be a waiver of notice by him of the time, place and purpose thereof.

Section 5. Quorum. The presence, either in person or by proxy, of members entitled to cast one-tenth (1/10) of the votes of each class shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of

Section 2. Classification of Members. Members of the Association shall be divided into classes as follows:

Class A Members. With the exception of Declarant (but subject to the provisions of this Section converting Class B to Class A membership), every person, group of persons, corporation, partnership, trust or other legal entity who is a record owner of a fee simple interest in any Lot or Unit which is or becomes subject to the Declaration shall be a Class A member of the Association; PROVIDED, HOWEVER, that any such person, group of persons, corporation, partnership, trust, or other legal entity who holds such interest solely as security for the performance of an obligation shall not be a member solely on account of such interest. Class A members shall be entitled to one vote for each Lot or Unit in which they hold the interest required for membership. In the event that more than one person, group of persons, corporation, partnership, trust or other legal entity is the record owner of a fee simple interest in any Lot or Unit, then the vote for the membership appurtenant to such Lot or Unit shall be exercised as they among themselves determine in the manner provided hereinbelow, but (except as herein provided) no more than one vote shall be cast with respect to any Lot or Unit.

Class B Members. The Class B member shall be the Declarant (and/or such other persons to whom Declarant shall assign any Class B membership) and each Class B member shall be entitled to three votes for each Lot or Unit which it holds; PROVIDED, HOWEVER, that such Class B Membership shall lapse and become a nullity on either of the following events, whichever occurs first:

(i) when the total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership, or

(ii) seven (7) years from the date of recordation of this Declaration; PROVIDED, HOWEVER, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid seven (7) year period shall be extended by a period of time equal to the length of the delays or three (3) years, whichever is less.

Upon the lapse of all of the Class B memberships, as provided in this Article III. Declarant shall be a Class A member of the Association as to each and every Lot or Unit in which Declarant holds the interest otherwise required for such Class A membership.

Section 3. Assignment of Membership. The Class A membership, but not the Class B memberships, shall be appurtenant to the Lot or Unit owned by a member and may not be assigned except in conjunction with the Lot or Unit to which they are appurtenant. Class B membership shall be freely assignable to any legal entity serving in capacity as a Declarant hereunder as the same is defined in Article II, Section 10.

Section 4. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association, the assets of the Association shall be distributed to an appropriate public agency to be used for similar purposes to those for which this Association was created. In the event that such distribution is not accepted, such assets shall be granted, conveyed and

members unless a greater number is provided by the Articles of Incorporation, the Declaration or these By-Laws.

Section 6. Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Voting. At every meeting of the members, each of the members shall have the right to cast one (1) vote for each membership which he owns on each question. The vote of the members representing fifty-one percent (51%) of the membership present and voting at the meeting, in person or by proxy, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by express provision of statute or of the Articles of Incorporation, or of the Declaration or of these By-Laws, a different vote is required, in which case such express provision shall govern and control. The vote for any membership which is owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any membership who are present at any meeting of the members are unable to agree on the manner in which the vote for such membership shall be cast on any question, then such vote shall not be counted for purposes of deciding that question. In the event that the membership is owned by a corporation, then the vote for any such membership shall be cast by a person designated in a certificate and attested by the secretary or an assistant secretary of such corporation and filed with the Secretary of the Association prior to the meeting. The vote for any membership which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and, unless any objection or protest by any other such trustee or partner is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors if the books or management accounts show such member to be more than sixty (60) days delinquent in any payment due the Association. No vote may be divided into fractional votes on any question.

Section 8. Proxies. A member may appoint any other member or the Declarant or Management Agent as his proxy. Any proxy must be in writing and must be filed with the Secretary in a form approved by the Board of Directors before the appointed time of each meeting. Unless limited by its terms or by statute, any proxy shall continue until revoked by a written notice of revocation filed with the Secretary, by the death of the member, or by conveyance of the Lot or Unit to which the membership is appurtenant.

Section 9. Rights of Mortgagees. Any institutional mortgagee of any Lot or Unit who desires notice of the annual and special meetings of the members shall notify the Secretary to that effect by registered mail, return receipt requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the members should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or

otherwise cause the delivery of a notice of each annual or special meeting of the members to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations as are provided in Section 4 of this Article for notice to the members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the members and such representative may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members present at any such meeting. Such representatives shall have no voting rights at any such meeting.

Section 10. Order of Business. The order of business at all regularly scheduled meetings of the regular members shall be as follows:

- (a) Roll call and certification of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers, if any.
- (e) Reports of committees, if any.
- (f) Election or appointment of inspectors of election.
- (g) Election of Directors.
- (h) Unfinished business.
- (i) New business.

In the case of special meeting, items (a) and (b) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

ARTICLE V DIRECTORS

Section 1. Number. The affairs of the Association shall be managed by a Board of Directors initially consisting of three (3) natural persons who need not be Members of the Association, and who shall be designated by the Declarant and who shall hold office until the election of their successors at the first annual meeting of the members of the Association. The names of the directors are: Sterling L. Leppo, Ellwood L. Brown and Richard A. Jacobs.

Commencing with the first annual meeting of the Association, the Board of Directors shall consist of an uneven number of not less than three (3) nor more than seven (7) members who shall be elected by the members of the Association. All directors must be natural persons. Prior to the lapse of all of the Class B memberships as provided for in the Articles of Incorporation and the Declaration, the number of directors shall be determined from time to time by a vote of the initial directors named by the Declarant; thereafter, the number of directors shall be determined by a vote of the members at the annual meeting of members and the number of directors may be changed by a vote of the members at any subsequent annual or special meeting of the members; PROVIDED, HOWEVER, that (a) the limitations of this Section shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent director.

Section 2. Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association and may do all such

acts and things as are not by law or by these By-Laws directed to be exercised and done by the members. The powers and duties of the Board of Directors shall include, but not be limited to, the following:

To provide for the:

(a) care, upkeep, and surveillance of the Common Areas and Recreation Facilities in a manner consistent with the law, the provisions of these By-Laws, and the Declaration.

(b) establishment and collection of assessments and/or carrying charges from the members and for the assessments and/or enforcement of liens therefor in a manner consistent with law and the provisions of these By-Laws and the Declaration.

(c) designation, hiring and/or dismissal of the personnel necessary for the good working order of the Community, for the proper care of the Common Areas, and to provide services for the Community in a manner consistent with law and the provisions of these By-Laws and the Declaration.

(d) promulgation and enforcement of such rules and regulations and such restrictions on or requirements as may be deemed proper respecting the use, occupancy and maintenance of the Common Areas and Recreation Facilities as are designated to prevent unreasonable interference with the use and occupancy of the Community by the members, all of which shall be consistent with law and the provisions of these By-Laws and the Declaration.

Section 3. Management Agent. The Board of Directors may employ for the Association a management agent (the "Management Agent") at a rate of compensation approved by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. Any agreement with any such management agent shall provide for a maximum term of one year and be terminated upon ninety (90) days notice.

Section 4. Budget. The Board of Directors, with the assistance of counsel and the Management Agent, shall prepare and adopt a budget for each annual assessment period which shall include estimates of the funds required by the Association to meet its annual expenses for that period and shall include reasonable reserves for repair and replacement. The budget herein required to be prepared and adopted by the Board of Directors shall be in a format consistent with the classification of the accounts of the Association, and shall provide for sufficient estimates, on a consistent periodic basis, to permit comparison to and analysis of deviations from the various periodic reports of the actual results of operation and the actual financial condition of the Association, on both a current basis and for prior corresponding periods, all in accordance with generally accepted accounting practices, consistently applied. Copies of the budget shall be available for examination by the members and by their duly authorized agents and attorneys, and by the institutional holder of any first mortgage on any Lot or Unit in the project and by their duly authorized agents and attorneys, during normal business hours, for purposes reasonably related to their respective interests, and upon reasonable notice.

Section 5. Term of Office. At the first annual meeting of the members, the members shall elect the Board of Directors and the term of office of the director receiving the

greatest number of votes shall be fixed for two (2) years. The term of office of the other director or directors shall be fixed for one (1) year. At the expiration of the initial term of office of each respective director, his successors shall be elected to serve a term of two (2) years. In the alternative, the membership may, by resolution duly made and adopted at the first annual meeting of members, or at any subsequent annual meeting, resolve to fix the term for each Director elected at any such meeting at one (1) year. Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director through normal annual elections as herein provided shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the members at the next annual meeting.

Section 7. Removal. After the first annual meeting of the Association, any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. Prior to the first annual meeting of the Association, any director may be removed from the Board, with or without cause, by the Declarant.

Section 8. Compensation. Except for those Directors named as such in Section 1 of this Article, and any of their successors elected prior to the First Annual Meeting of the members, no remuneration shall be paid to any Director for services performed by him for the Association in any other capacity unless approved by a vote of two-thirds (2/3) of the members.

Section 9. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present.

Section 10. Regular Meeting. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least six (6) days prior to the day named for such meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the President of the Board of Directors on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-third (1/3) of the Directors.

Section 12. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing,

waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business which may properly come before the Board of Directors at such meeting may be transacted.

Section 13. Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present and voting at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 15. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for association, corporate or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE VI OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors and none of whom shall be related by marriage or otherwise. Prior to the first annual meeting of members, the officers of the Association need not be members of the Association. Thereafter, all officers of the Association shall be members of the Association.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors, at the organization meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or any special meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including but

not limited to the power to appoint committees from among the membership from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated to him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he shall have custody of the seal of the Association; he shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Association, in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VII LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Liability and Indemnification of Officers and Directors. The Association shall indemnify every officer and director of the Association against any and all expenses, including counsel fees reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which he may be made a party by reason of being or having been an officer or director of the Association whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Association shall not be liable to the members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be owners of units) and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Association, or former officer or director of the Association may be entitled.

Section 2. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the best interests of the Association. No

contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm or association (including the Declarant) in which one or more of the Directors of this Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purposes, if any of the conditions specified in any of the following subparagraphs exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the Minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose;

(b) The fact of the common directorate or interest is disclosed or known to the members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

Common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such a director or officer of such other corporation or not so interested.

ARTICLE VIII MANAGEMENT

Section 1. Management and Common Expenses. The Association, acting by and through its Board of Directors, shall manage, operate and maintain the Common Areas and Community Facilities and, for the benefit of the units and the owners thereof, shall enforce the provisions hereof and shall pay out of the common expense fund hereinelsewhere provided for, the following:

(a) The cost of providing water, sewer, garbage and trash collection, electrical and other necessary utility services for the Common Areas and Community Facilities.

(b) The cost of directors and officers liability, fire, and extended liability insurance for the Common Areas and Community Facilities and the cost of such other insurance as the Association may effect, or deem appropriate.

(c) The cost of the services of a person or firm to manage the project together with the services of such other personnel as the Board of Directors of the Association shall consider necessary for the operation of the project.

(d) The cost of providing such legal and accounting services as may be considered necessary to the operation of the association.

(e) The cost of painting, maintaining, replacing, repairing and landscaping the Common Areas and Community Facilities and such furnishings and equipment as the Board of Directors shall determine are necessary and proper, and the Board of Directors shall have the exclusive right and duty to acquire the same; PROVIDED, HOWEVER, that nothing herein contained shall require the Association to paint, repair or otherwise maintain any lot or any fixtures, appliances or equipment located therein the maintenance of each Lot or Unit being the sole responsibility of the owner or occupant thereof. The maintenance, repair and replacement responsibilities of Condominium Unit Owners may be varied in accordance with a recorded Condominium Declaration and By-Laws.

(f) The cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like, which the Association is required to secure or pay for by law, or otherwise, or which in the discretion of the Board of Directors shall be necessary or proper for the operation of the Association and its property.

Section 2. Management Agent. The Association may, by contract in writing, delegate any of its ministerial duties, powers or functions to a Management Agent. The Association and the Board of Directors shall not be liable for any omission or improper exercise by the Management Agent of any such duty, power or function so delegated.

Section 3. Easements for Utilities and Related Purposes. The Association is authorized and empowered to grant (and shall from time to time grant) such licenses, easements and/or rights-of-way for sewer lines, water lines, electrical cables, telephone cables, television and other communication cables, internal and external wiring and antennae, gas lines, storm drains, underground conduits and/or such other purposes related to the provision of public utilities and other common services to the Property or any part thereof as may be considered necessary, appropriate or desirable by the Board of Directors for the orderly maintenance, preservation and enjoyment of the Property or for the preservation of the health, safety, convenience and/or welfare of the owners of the units or the Declarant. Said easements, licenses and rights-of-way shall be granted by vote of the Board of Directors of the Association and the members shall not be required to approve such grants.

Section 4. Limitation of Liability. The Association shall not be liable for any failure of utilities or other services to be obtained by the Association or paid out of the common expense fund, or for injury or damage to person or property caused by the elements or by the owner of any unit, or any other person, or flow from any portion of the Property owned and/or maintained by the Association or from any wire, pipe, drain, conduit, appliance or equipment. The Association shall not be liable to the owner of any Unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Areas. No diminution or abatement of common expense assessments, as herein elsewhere provided shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas, or to any Unit or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

Section 5. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors.

Section 6. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with good accounting practices. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures affecting the project and its administration and shall specify the maintenance and repair expenses of the Common Areas and services, and of any other expenses incurred. That amount of any assessment required for payment of any capital expenditures of the Association shall be credited upon the books of the Association to the "Paid-in-Surplus" account as a capital contribution by the members.

Section 7. Auditing. At the close of each fiscal year, the books and records of the Association shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards. Based upon such report, the Association shall furnish its members with an annual financial statement, including the income and disbursements of the Association.

Section 8. Inspection of Books. The books and accounts of the Association, and vouchers accrediting the entries made thereupon, shall be available for examination by the members of the Association, attorneys representing any of the members, and to the institutional holder of any first mortgage on any unit and/or its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their interests as members.

Section 9. Execution of Association Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the President or Vice President, and all checks shall be executed on behalf of the Association by such officers, agents or other persons as are from time to time authorized by the Board of Directors.

ARTICLE IX USE RESTRICTIONS

Section 1. Residential Use. All Lots or Units shall be used for private, residential purposes exclusively, except for such non-residential uses as may be permitted by the Board of Directors and the Zoning Ordinances of Prince George's County. Nothing in this Section, or hereinelsewhere, shall be construed to prohibit the Declarant from the use of any lots which Declarant owns for promotional or display purposes as "model houses" or from leasing any lot(s) which Declarant owns.

Section 2. Leasing. No Lot or Unit within the project, with the exception of leases entered into by Declarant, shall be rented for transient or hotel purposes, or in any event for an initial period of less than twelve (12) months. No portion of any Lot or Unit (other than the entire Lot or Unit) shall be leased for any period. Any owner of any Lot or Unit who shall lease such Lot or Unit shall promptly following the execution of any such lease, forward a conformed copy thereof to the Board of Directors. Any such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the Lot or Unit shall be subject and subordinate in all respects to

the provisions of the Declaration and these By-Laws and to such rules and regulations relating to the use of the Common Areas or other "house rules" as the Board of Directors may from time to time promulgate. The provisions of this Section shall not apply to any institutional mortgagee of any lot who comes into possession of the Lot or Unit as a result of a foreclosure sale or as a result of a proceeding in lieu of foreclosure.

Section 3. Rule-Making Authority. Set forth in the Declaration are various specific restrictions on the use to which any Owner or Occupant may put his Lot or Unit and/or the Common Areas and Recreation Facilities. The Association, acting either by vote of its Board of Directors or its members so entitled to vote, or both, shall have the right to promulgate rules and regulations implementing and supplementing said restrictions and such rules and regulations shall have the same force and effect as if they were incorporated into the Declaration. Except where immediate implementation is necessary to prevent injury to the health, safety or welfare of persons or to prevent damage or waste to any portion of the Property, such rules and regulations shall be displayed for thirty (30) days after their promulgation prior to becoming effective.

ARTICLE X DESTRUCTION AND DAMAGE

Section 1. Use of Insurance Proceeds. In the event of damage or destruction of any portion or all of the Common Areas by fire or other casualty, the same shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications with the proceeds of insurance available for that purpose, if any.

Section 2. Proceeds Insufficient. In the event that the proceeds of insurance are not sufficient to repair damage or destruction of the Common Areas by fire or other casualty, or in the event such damage or destruction is caused by any casualty not herein required to be insured against, then the repair or reconstruction of the damaged Common Areas shall be accomplished promptly by the Association at its common expense. The ratable share of the expense of such repairs or reconstruction may be assessed and the lien for the same shall have all the priorities provided for in the Declaration.

ARTICLE XI ARCHITECTURAL STANDARDS

Section 1. Architectural Standards Committee. Each Owner of a Lot or Unit in the Community (other than the Declarant during the course of construction on the Property) by virtue of his acceptance of a warranty deed and the Declaration of Covenants, Conditions and Restrictions (and particularly Article VI thereof), acknowledges the necessity of maintaining the physical appearance and image of the entire residential community as a quality residential community and additionally, that the success of the Declarant in selling the remaining portions of the community is closely related to the physical appearance and image of the completed portions of the community. Except for the rehabilitation and renovation of the lots situate within the community by the Developer and any improvements to any unit or to the Common Areas accomplished concurrently with said construction, and except for purposes of proper maintenance and repair or as

otherwise in these By-Laws provided, it shall be prohibited to install, erect, attach, place, build, alter, plant, remove or construct any structures or other additions to a lot, or to any building on a lot, including but not limited to any awnings, hot tubs, greenhouses, gazebos, patios, balconies, sundecks, porches, covers over patios/balconies/sundecks and porches, solar collecting devices, privacy enclosure walls or retaining walls; or to make any changes or alterations (including alterations in color) within any lot which will alter the structural integrity or appearance of a building or a lot, or otherwise affect the property, interest or welfare of any other lot owner, or impair any easement, until the complete plans and specifications, showing the location, nature, shape, dimensions, material, color, type of construction and/or any other proposed form of change including within limitation, any other information specified by the Board of Directors (or its designated committee) shall have been submitted to and approved in writing as to safety, the effect of any such alterations on the costs of maintaining and insuring the property, and harmony of design, color and location in relation to surrounding structures and topography by the Board of Directors, or by an architectural control committee designated by it. Notwithstanding any of the above, sheds, chain-link fences, exterior clotheslines or clothes drying devices, storage tanks for flammable or otherwise dangerous substances, above-ground swimming pools (other than childrens' wading pools), and exterior aerials, antennas, radio or television broadcasting or receiving devices, metal awnings or any awnings located on the front and side elevations of the unit shall be completely prohibited from being erected, installed or otherwise placed upon any lot or upon any structure within the lot. Exterior storm doors must be other than aluminum mill finish in color. All firewood must be stored in the rear of the unit. Property perimeter fences and privacy enclosures of open patios, swimming pools and garden courts, where approved by the architectural standards committee may not exceed 72 inches in height from finished grade. Property perimeter fences must be located within the confines of, or on the property lot lines as indicated on the Specific Design Plan of The Villages of Marlborough. A copy of the Specific Design Plan will be maintained among the corporate records of the Association. All fences are to be wood in nature of material with a natural wood finish and are to be either "Post and Rail" or "Privacy" or a combination of both types as described in Exhibit "1" attached hereto and made a part of these By-Laws.

Section 2. Architectural Standards Committee - Operation. The Architectural Standards Committee shall be responsible to the Board of Directors and shall be composed of three (3) or more natural persons (but in any event shall always be an uneven number of such persons) designated from time to time by the Board of Directors of the Association. Each homeowners' association and/or condominium association established upon any portion of the Properties shall be afforded representation upon the Architectural Standards Committee of this Association. Each homeowner or condominium association shall be entitled to select one member of the Architectural Standards Committee. In the event that there is an even number of associations represented on the Architectural Standards Committee, then the Board shall select a member-at-large to serve upon the Committee in order to maintain the uneven number of members. The affirmative vote of a majority of the members of the Architectural Standards Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article.

Section 3. Approvals, Etc. Upon approval by the Architectural Standards Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Architectural Standards Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within sixty (60) days after such plans and specifications (and all other materials and information required by the Architectural Standards Committee) have been submitted to it in writing, then approval will not be required and this Article will be deemed to have been fully complied with.

Section 4. Limitations. Construction or alterations in accordance with plans and specifications approved by the Architectural Standards Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Architectural Standards Committee (whether by affirmative action or by forbearance from action, as provided in Section 3 of this Article), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Architectural Standards Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Architectural Standards Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Architectural Standards Committee without the prior consent in writing of the Architectural Standards Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Architectural Standards Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 5. Certificate of Compliance. Upon the completion of any construction or alterations or other improvements or structure in accordance with plans and specifications approved by the Architectural Standards Committee in accordance with the provisions of this Article, the Architectural Standards Committee shall, at the request of the owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Architectural Standards Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of these By-Laws as may be applicable.

Section 6. Rules and Regulations, Etc. The Architectural Standards Committee shall from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines and/or establish such criteria relative to architectural styles or details, or other matters, as it may consider necessary or appropriate. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of these By-Laws.

The decisions of the Architectural Standards Committee shall be final except that any member who is aggrieved by any action or forbearance from action by the Architectural Standards Committee may appeal the decision of the Architectural Standards Committee to the Board of Directors and, upon the request of such member, shall be entitled to a hearing before the Board of Directors. Two-thirds (2/3) of the Board of Directors shall be required to reverse the decision of the Architectural Standards Committee.

ARTICLE XII
AMENDMENT AND APPROVALS

Section 1. Amendments by Members. These By-Laws may be amended by the affirmative vote of members representing sixty-six and two-thirds percent (66-2/3%) or more of the votes at any meeting of the members duly called for such purpose.

Section 2. Amendments by Declarant. During the period in which the Declarant owns a Class B membership, the Declarant reserves the right to unilaterally amend these By-Laws to meet the requirements of the Federal Housing Administration, Veteran's Administration, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, or any other governmental or quasi-governmental agency, or to meet the requirements of any mortgage lender; PROVIDED, HOWEVER, that any such amendment shall not materially adversely affect the substantive rights hereunder of any member other than Declarant. Any such amendment shall be distributed to all members.

Section 3. FHA/VA Approval. Notwithstanding anything herein contained to the contrary, as long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, dedication of Common Areas, and amendment of these By-Laws.

Furthermore, any such sale, transfer, assignment, dedication or donation of any common areas or facilities, or any part thereof, in fee or otherwise, whether by the Association or the Declarant, shall require approval of the Prince George's County Planning Board of the Maryland-National Capital Park and Planning Commission, said approval not to be unreasonably withheld. Furthermore, the Commission shall have the right to bring any action for any legal or equitable relief necessary to enforce the aforementioned rights. In addition, the rights, privileges, and obligations afforded to the Prince George's County Planning Board of the Maryland-National Capital Park and Planning Commission set forth herein shall not be subject to any amendment procedures.

ARTICLE XIII
MORTGAGES - NOTICES

Section 1. Notice to Board of Directors. Any owner of any lot in the Community who mortgages such lot shall promptly notify the Board of Directors of the name and address of his mortgagee. The Board of Directors shall maintain suitable records pertaining to such mortgages.

Section 2. Consents. Any provision of these By-Laws to the contrary notwithstanding, the Association shall not, nor shall the members except by consent of two-thirds (2/3) thereof exclusive of the Declarant or the consent of two-thirds (2/3) of

all first mortgages of record, materially modify or amend the provisions of these By-Laws.

Section 3. Definition. As used in this Article, the term "mortgagee" shall mean any mortgagee, and shall not be limited to institutional mortgagees, and the term "Mortgage" shall include a deed of trust. As used generally in these By-Laws, the term "institutional holder" or "institutional mortgagee" shall include banks, trust companies, insurance companies, savings and loan associations, pension funds and any corporation, including a corporation of, or affiliated with, the United States Government, or any agency thereof.

ARTICLE XIV
INTERPRETATION - MISCELLANEOUS

Section 1. Conflict. These By-Laws are subordinate and subject in all respects to the provisions of the Declaration. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control. The provisions of the Declaration are incorporated herein by reference.

Section 2. Notices. Unless another type of notice is hereinafter specifically provided for, any and all notices called for in the Declaration and in these By-Laws shall be given in writing.

Section 3. Severability. In the event any provision or provisions of these By-Laws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 4. Waiver. No restriction, condition, obligation or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 5. Captions. The captions and headings contained in these By-Laws are for convenience only and are not a part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

Section 6. Gender, Etc. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

IN WITNESS WHEREOF, we, being all of the Directors of the Villages of Marlborough Community Association, Inc., have hereunto set our hands this 6th day of JUNE, 1985.

WITNESS:

Michael H. Manner

Sterling L. Leppo
Sterling L. Leppo

Michael H. Manner

Ellwood L. Brown
Ellwood L. Brown

Michael H. Manner

Richard A. Jacobs
Richard A. Jacobs

STATE OF MARYLAND)
~~BALTIMORE~~) to wit
PRINCE GEORGE'S COUNTY)

I HEREBY CERTIFY that on this _____ day of _____, 1985, before me, the subscriber, a Notary Public of the State of Maryland, in and for Prince George's County, personally appeared Sterling L. Leppo, Ellwood L. Brown, and Richard A. Jacobs and acknowledged the foregoing By-Laws to be the Corporate act and deed.

WITNESS my hand and Notarial Seal the day and year first above written.

Notary Public

My Commission Expires: _____

CERTIFICATION

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of the Villages of Marlborough Community Association, Inc., and;
2. That the foregoing By-Laws constitute the original By-Laws of said Corporation, as duly adopted at a meeting of the Board of Directors thereof, held on the _____ day of _____, 1985.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Corporation this _____ day of _____, 1985.

Sterling L. Leppo
Secretary

POLICY RESOLUTION

Whereas, pursuant to Article V, Section 3 of the Declaration of Covenants, Conditions and Restrictions for The Villages of Marlborough Community Association, Inc., the association has the authority to determine whether annual assessments shall be paid monthly, semi-annually or annually in advance; and

Whereas, pursuant to Article V Section 2b of the Bylaws for The Villages of Marlborough Community Association, Inc., the Board of Directors has the power and duty for establishment and collection of assessments; and

Whereas, annual assessments are currently paid on a monthly basis; and

Whereas, each Owner has an obligation to timely pay their annual assessments; and

Whereas, the Association wishes to provide for acceleration of the annual assessment where monthly payments are not timely made.

NOW THEREFORE, BE IT,

RESOLVED: In the event that annual assessments are levied and payable in monthly or other installments based on an annual amount, and there is a default in payment of any one or more of said monthly or other installments, the entire balance of said annual assessment may be accelerated at the option of the Association and may be declared due and payable in full, together with interest, costs and reasonable attorney's fees added to the entire accelerated amount.

AND, BE IT FURTHER

RESOLVED: That this resolution shall be effective as of January 1, 1991.

APPROVED as of this 6th day of November, 1990.

BOARD OF DIRECTORS OF THE VILLAGES OF
MARLBOROUGH COMMUNITY ASSOCIATION, INC.

Margaret D. Dillman

Robert N. Woolwine

Quentin B. Bessick

J. E. Jantzen, Esq.

E. Kathleen Shroyer

VILLAGES OF MARLBOROUGH COMMUNITY ASSOCIATION, INC.

The following Resolution was presented to the Board of Directors of the Villages of Marlborough Community Association, Inc. on the 4th day of April, 1991.

WHEREAS, Article VI of the Declaration of Covenants, Conditions and Restrictions of the Villages of Marlborough Community Association, Inc. contains Architectural Controls enforceable by the Board of Directors against individual unit owners which require initial and approval of the Architectural Controls Committee of any landscaping, building, fence, hedge, shrub, tree, wall and other planting or structure commenced, erected or maintained upon any Lot, Unit and/or Common Area, etc. be submitted to Architectural Controls Committee; and

WHEREAS, pursuant to Article IX, Section 3 of the By-Laws of the Villages of Marlborough Community Association, Inc., the Board of Directors may promulgate rules and regulations implementing and supplementing restrictions on the property subject to the Declaration; such rules and regulations having the same force and effect as if they were incorporated into the Declaration; and

WHEREAS, it is the desire of the Board of Directors that in order to minimize the cost to the Association that they be able to recover all costs incurred in enforcing the Architectural Controls as contained in Article VI of the Declaration of Covenants, Conditions and Restrictions for the

Villages of Marlborough Community Association, Inc., including reasonable attorney's fees.

IT IS THEREFORE RESOLVED that the following rule and regulation be enacted by the Villages of Marlborough Community Association, Inc.:

1. All costs incurred by the Villages of Marlborough Community Association, Inc. in the enforcement of the Architectural Controls as contained in the Declaration of Covenants, Conditions and Restriction for the Villages of Marlborough Community Association, Inc., specifically, Article VI, shall be added to and become a part of the assessment to which said Lot or Unit for which the controls are enforced, is subject. Said amount shall also constitute a lien upon the property whereupon such costs have been incurred and may be collected in the same manner and to the same extent as the monthly assessments provided for in Article V of the aforesaid Declaration. The cost shall include reasonable legal fees incurred unless the Association is not successful on any of its claims.

2. BE IT ALSO RESOLVED that the aforesaid rule and regulation shall be sent to all Unit Owners and shall be displayed for thirty (30) days after the date of this Resolution in a prominent place and will not effective until the thirtieth (30th) day after its adoption.

Andrew Birch
Steve R. R...

VILLAGES OF MARLBOROUGH COMMUNITY ASSOCIATION, INC.

POLICY RESOLUTION

WHEREAS, the Board of Directors is the body that develops rules and regulation on behalf of the Association;

NOW, THEREFORE, BE IT HEREBY RESOLVED that each unit owner shall pay as a late charge either \$5.00 or 1/10th of the total amount of any delinquent assessment or installment, whichever is greater, on any delinquency of fifteen calendar days. This late charge may not be imposed more than once for the same delinquent payment.

Approved as of this 7th day of February, 1994.

BOARD OF DIRECTORS
VILLAGES OF MARLBOROUGH COMMUNITY ASSOCIATION, INC.

Margaret Allmon
Ann Adams
Norma Allen

John B. Baker
Jack Cawley

**VILLAGES OF MARLBOROUGH
COMMUNITY ASSOCIATION, INC.**

REVISED POLICY RESOLUTION

WHEREAS, pursuant to Article V, Section 3 of the Amended Declaration of Covenants, Conditions and Restrictions for the Villages of Marlborough Community Association, Inc., the Association has the authority to determine whether annual assessments shall be paid monthly, semi-annually or annually in advance; and

WHEREAS, pursuant to Article V, Section 2(b) of the Bylaws for the Villages of Marlborough Community Association, Inc., the Board of Directors has the power and duty for establishment and collection of assessments; and

WHEREAS, annual assessments are currently paid on a semi-annual basis; and

WHEREAS, each Owner has an obligation to timely pay their annual assessments; and

WHEREAS, the Association wishes to provide for acceleration of the annual assessment where semi-annual payments are not timely made.

NOW THEREFORE, BE IT.

RESOLVED: In the event that annual assessments are levied and payable in monthly or other installments based on an annual amount, and there is a default in payment of any one or more of said monthly or other installments, the entire balance of said annual assessment may be accelerated at the option of the Association and may be declared due and payable in full, together with interest, costs and reasonable attorney's fees added to the entire accelerated amount.

AND, BE IT FURTHER,

RESOLVED: That this resolution shall be effective as of January 1, 1996.

APPROVED as of this 23rd day of October, 1995.

THE BOARD OF DIRECTORS
VILLAGES OF MARLBOROUGH COMMUNITY
ASSOCIATION, INC.

James Cawley, Pres.
[Signature]
Carol Argentini
[Signature]
Kathleen Strop
[Signature]

[Signature]
[Signature]

NOTICE

This is a Master Association,
You will need to also request a resale package
from the sub Association by contacting the
management team for that community.

Villages of Marlborough c/o Blackstone Management, LLC Sub Associations Directory

Villages of Marlborough-Blackstone Management: \$146.00 Annually

<p>Bishop Bequest Town Homes Quality One: 240-770-5381</p> <ul style="list-style-type: none"> • Bishop Carroll Drive \$48.40 • Rev. Boucher Place Monthly • Rev. Rainsford Court 	<p>Wellington Townhomes Sentry Management: 410-721-7171</p> <ul style="list-style-type: none"> • Lord Fairfax Place \$55.00 • Lord Baltimore Place Monthly • Lord Sterling Place
<p>Bishop Bequest Single Family</p> <ul style="list-style-type: none"> • Bishop Bequest Road • Bishop Carroll Drive • Bishop Claggett Court \$55.99 • Rev. Davis Drive Quarterly • Rev. Dewult Place • Rev. Eversfield Court 	<p>The Greens & The Oaks (Marlboro Tract G) Sentry Management: 410-721-7171</p> <ul style="list-style-type: none"> • Captain Bayne Court • Captain Covington Place • Captain Duval Drive \$51.00 • Captain Marbury Lane Monthly • Lieutenant Lansdale Place
<p>Saxony Square/Kingsley Hall ProCom Management: 301-261-0777</p> <ul style="list-style-type: none"> • Amberfield Court • Amberfield Drive • Amberfield Terrace \$60.00 • Amberfield Way Monthly • Ascott Drive • Barrington Lane • Bentwaters Drive • Churchville Court • Churchville Drive • Clirieden Lane • Courtland Lane • Edwall Drive • Fareham Lane • Sherborn Lane 	<p>Marlborough Condominiums Blackstone Management: 240-349-2117</p> <ul style="list-style-type: none"> • Colonel Ashton Place (4700-4754) • Colonel Brooke Court • Colonel Claggett Court \$200.00 • Colonel Dent Court Monthly • Colonel Ewell Court • Colonel Fenwick Court (1440-14434) • Colonel Fenwick Place (4600-4646) • Colonel Gardiner Court • Governor Kent Court (4600-4638) • Governor Ogle Court • Governor Pratt Court • Governor Sprigg Place (14620-14656)
<p>Marlboro Townhomes Blackstone Management: 240-349-2117</p> <ul style="list-style-type: none"> • Colonel Ashton Place • Colonel Choice Road • Colonel Fenwick Court • Colonel Fenwick Place \$40.00 • Governor Grove Road Monthly • Governor Kent Court • Governor Lee Place • Governor Sprigg Place 	<p>Marlboro Single Family Commercial Management Group: 240-568-8920</p> <ul style="list-style-type: none"> • Colonel Addison Court • Colonel Addison Place • Colonel Beall Place • Colonel Choice Road \$140.00 • Colonel Contee Court Annually • Colonel Contee Place • Colonel Darnell Place
<p>Wellington Single Family Blackstone Management: 240-349-2117</p> <ul style="list-style-type: none"> • Lord Fairfax Court \$155.00 • Lord Fairfax Place Bi-Annually 	<p>Hampshire Hall The Premire Group 240-319-7099</p> <ul style="list-style-type: none"> • Hampshire Hall Court <p>w/ garage \$171.93 : w/o 158.70 Monthly</p>
<p>Lords Landing Village Condominiums Majerle Management (301) 220-1850</p> <ul style="list-style-type: none"> • Lord Dunbore Place • Lord Loudoun Place • Lord Marlborough Place \$265.00 • Lord Sterling Place Monthly 	<p>Kings Council Condominiums American Community Mgmt: 410-997-7767</p> <ul style="list-style-type: none"> • King Frederick Way • King George Way • King Gregory Way \$257.00 • King Henry Way Monthly • King John Way • King Patrick Way

Villages of Marlborough Community Association, Inc

*Amended Declaration
Of
Covenants, Conditions and Restrictions*

AMENDED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
VILLAGES OF MARLBOROUGH COMMUNITY ASSOCIATION, INC.

TABLE OF CONTENTS

	<u>Page</u>
Article I - Definitions	
Section 1. Association	4
2. Owner	4
3.-9. Other Definitions	4
Article II - Property Rights	
Section 1. Owner's Easements of Enjoyment	6
2. Amended Declaration of Use	7
Article III - Membership and Voting Rights	
Section 1. Membership	7
2. Classes of Voting Membership	7
Article IV - Annexation of Additional Property	
Section 1. Property Subject to Amended Declaration	9
2. Additions	9
Article V - Covenants for Maintenance Assessments	
Section 1. Creation of the Lien and Personal	11
Obligation of Assessments	11
2. Purposes of Assessments	11
3. Maximum Annual Assessment	11
4. Class B. Membership Assessment	12
5. Special Assessment for Capital	12
Improvements	12
6. Notice and Quorum for any Action	13
Authorized Under Sections 3 and 5	13
7. Uniform Rate of Assessment	13
8. Date of Commencement of Annual	13
Assessments: Due Dates	13
9. Effect of a Non-payment of Assessments:	14
Remedies of the Association	14
10. Notice of Lien	15
11. Foreclosure	15
12. Curing of Default	15
13. Cumulative Remedies	15
14. Subordination of the Lien to Mortgages	15
15. Notice to Mortgages	16
Article VI - Architectural Standards	16
Article VII - Exterior Maintenance of	
Dwellings	17

MAR 76 3 03 PM '85

RECORDED
INDEXED

Article VIII - Duties and Powers of
The Association

Section 1.	Powers and Duties	17
2.	Maintenance of Records	18
3.	Delegation to Master Association	18

Article IX - Prohibited Uses and
Nuisances

Section 1.	Governance	19
2.	Declarant's Exemption	19

Article X - Easements

Section 1.	Easements	19
------------	-----------	----

Article XI - General Provisions

Section 1.	Enforcement	20
2.	Severability	20
3.	Amendment	20
4.	FHA/VA Approval	21

6296 286

AMENDED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS AMENDED DECLARATION, made the 21ST day of MARCH 1986, by MARLBOROUGH DEVELOPMENT CORPORATION, a Maryland corporation, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Prince George's County, State of Maryland, which is more particularly described as:

[See "Exhibit A", attached hereto

and made a part hereof].

WHEREAS, by a Declaration of Covenants, Conditions and Restrictions dated June 6, 1985 and recorded on June 10, 1985 among the Land Records of Prince George's County in Liber NLP 6115, page 59 et seq., the Declarant created the Villages of Marlborough Community Association, Inc. and subjected certain land described therein in Exhibit A thereof to the covenants; and

WHEREAS, the Declarant desires to amend said Declaration of Covenants, Conditions and Restrictions there having been no conveyances of lots by the Declarant as of the date of recording of this Amended Declaration of Covenants, Conditions, and Restrictions.

NOW, THEREFORE, the Declarant hereby specifically amends the Declaration of Covenants, Conditions, and Restrictions dated June 6, 1985 made by it (Marlborough Development Corporation) and recorded among the Land Records of Prince George's County in Liber NLP 6115, page 59 et seq., by substituting therefore this Amended Declaration of Covenants, Conditions, and Restrictions in its entirety; and

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and

conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title, or interest in the described property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof. The property is also subject to: (i) a Amended Declaration of Covenants, dated November 13, 1984 and recorded among the Land Records of Prince George's County in Liber 6007, Folio 459, establishing the obligation to maintain a monumental entrance; (ii) a Recreational Facilities Agreement dated February 13, 1985 by and between the Maryland - National Park and Planning Commission and Marlborough Development Corporation and recorded among the Land Records aforesaid in Liber NLP 6057, page 400 et seq.; and (iii) a Declaration of Covenants made by Marlborough Development Corporation and recorded on June 11, 1985 among the Land Records aforesaid in Liber NLP 6115, page 976 et seq.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to VILLAGES OF MARLBOROUGH COMMUNITY ASSOCIATION, INC., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot or Unit which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Property" or "Properties" shall mean and refer to that certain real property hereinabove described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Areas" shall mean all real property (including the improvements thereon) owned by the Association for the common use and enjoyment of the owners. The Common Areas to be owned by the Association at the time of conveyance of the first lot are described in "Exhibit B", attached hereto and made a part hereof.

Section 5. "Member" shall mean and refer to every person, group of persons or entity who holds membership in the Association, including the Declarant.

Section 6. "Mortgagee" shall mean and refer to the holder of any mortgage or Trustee or beneficiary of any deed of trust on any lot provided such holder is an institutional lender and/or a licensed mortgage banker.

Section 7. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties, with the exception of the Common Areas and publicly dedicated rights-of-way.

Section 8. "Unit" shall mean any condominium unit, single family dwelling unit, or rental facility located on any portion of the property.

Section 9. "Declarant" or "Developer" shall mean and refer to MARLBOROUGH DEVELOPMENT CORPORATION, a Maryland corporation, its successors and assigns and any other legal entity which, in conjunction with or in lieu of MARLBOROUGH DEVELOPMENT CORPORATION, develops Units on the Property, if such successor, assign or legal entity should acquire one or more undeveloped lots from the Declarant for the purpose of development and/or construction of a home or unit thereon.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to assess annual fees for the maintenance and improvement of the Common Areas;

(b) the right of the Association to suspend the voting rights and right to use of the Common Areas by an owner for any period during which assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations after a hearing by the Board of Directors of the Association.

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members and fifty-one percent (51%) of all mortgages holding first mortgages or deeds of trust on Lots that have been recorded, and unless the Maryland-National Capital Park and Planning Commission, or its successors or assigns, has given its prior approval thereof, which approval shall not be unreasonably withheld.

(d) the right of Declarant prior to the conveyance of the Common Areas, and of the Association to grant and reserve easements and rights-of-way through, under, and over and across the Common Areas, for installation, maintenance and inspection of lines and appurtenances for public or private

water, sewer, drainage, fuel oil, communications systems (including cable television), and other utilities.

(e) the right of the Association to limit the number and charge reasonable fees for guests of members utilizing Common Areas;

(f) the right of the Association to establish uniform rules and regulations pertaining to the use of the Common Areas that may be located thereon.

(g) the right and obligation of the Association to regulate the use, maintenance, repair and replacement of all private streets upon the Property, if any, as such private streets are designated on the record plat.

(h) the right of the Association to regulate the use, maintenance, repair and replacement of Common Areas and amenities located thereon.

Section 2. Amended Declaration of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Areas to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. Classes of Voting Membership. The Association shall have two (2) classes of voting membership:

CLASS A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned. When more

than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

CLASS B. The Class B member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B Membership, or
- (b) seven (7) years from the date of recordation of this Amended Declaration; PROVIDED, HOWEVER, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid seven (7) year period shall be extended by a period of time equal to the length of the delays or three (3) years, whichever is less.

Provided, however, the Class B membership shall be revived (and the Declarant shall again be entitled to three votes for each lot owned by the Declarant), during any periods of time occurring before December 31, 1995, when by reason of the annexation of additional land as a part of the Properties additional Lots or Units owned by the Declarant exists which, when added to the other Lots or Units then owned by the Declarant,

would result in the Declarant having more than fifty percent (50%) of the votes of the Association were the Declarant to have three (3) votes for each Lot owned by the Declarant instead of only a single vote for each Lot owned by the Declarant.

ARTICLE IV

ANNEXYATION OF ADDITIONAL PROPERTY

Section 1. Property Subject to Amended Declaration.

The real property which is, and shall be held, conveyed, hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to this Amended Declaration is located in the County of Prince George's, State of Maryland, and is shown on the record plat entitled Plats of Correction, Plats One through Four, Villages of Marlborough recorded among the Land Records of Prince George's County in Plat Book NLP 126, Plat No. 2 through 5. No other real property shall be subject to this Amended Declaration until the same is annexed pursuant to the provisions of Section 2 below, it being understood that the Declarant shall have the right to freely develop any real property owned by it and not annexed pursuant to the provisions of Section 2 in any fashion and for any use not prohibited by law or governmental regulation and shall have no obligation to develop any real property not so annexed, in accordance with any other scheme of development or plan.

Section 2. Additions. The Declarant, without the assent of the Class A members, may annex to the Properties all or any portion of the additional land located in the County of Prince George's and more particularly described on "Exhibit C" attached to this Amended Declaration; PROVIDED, HOWEVER, that in the event any portion of the Properties (including the additional

land currently being annexed) has been approved for federally insured mortgage financing purposes by the Federal Housing Administration or the Veterans Administration, then the prior written consent of such approving agency to the annexation shall be required. Additional property outside the boundaries of the land described on Exhibit C may be annexed only with the consent of two-thirds (2/3) of the Class A and Class B members of the Association who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days and not more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. At this meeting the presence of members or of proxies entitled to cast sixty percent (60%) of the votes of each Class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth above, except that notice shall be sent to all members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Any annexations made pursuant to this Article, or otherwise, shall be made by recording a Supplementary Amended Declaration of Covenants, Conditions and Restrictions among the Land Records of Prince George's County, Maryland, which Supplementary Amended Declaration shall extend the scheme of the within Covenants, Conditions and Restrictions to such annexed property. Such Supplementary Amended Declaration may contain such supplementary additions and modifications to the Covenants, Conditions and Restrictions set forth in the within Amended Declaration as

may be necessary to reflect the different character or use, if any, of such annexed property.

ARTICLE V

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonably attorney's fees, shall be a charge on the land and shall be a lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, and welfare of the residents in the Properties, and for the maintenance and improvement of the Common Areas. The annual assessment shall include amounts sufficient to fund an adequate reserve for maintenance, repair and replacement of the Common Areas and any improvements situate thereon.

Section 3. Maximum Annual Assessment. Until January of the year immediately following the conveyance of the first Lot

to an owner the maximum annual assessment shall be Two Hundred Forty Dollars (\$240.00) per lot per year, which shall be payable monthly, quarterly, semi-annually or annually, as determined by the membership or their designated representative.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than ten percent (10%) above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above ten percent (10%) by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for that purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Class B Membership Assessment. The Class B member shall be required to pay twenty-five percent (25%) of the annual assessment due on the Lots or Units it owns and that have been annexed into the Association.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property

related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. Notice and Quorum for any Action Authorized under Sections 3 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 5 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the quorum at the subsequent meeting shall be reduced to one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments shall be fixed at a uniform rate for all Lots or Units, except as noted in Section 5 of this Article, and may be collected on a monthly basis, quarterly, semi-annually or annually, as determined by the membership or their designated representative.

Section 8. Date of Commencement of Annual Assessments:
Due Dates. The annual assessment provided for herein shall commence ninety (90) days following the sale and settlement of the first residential dwelling constructed on each parcel of ground so annexed. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of

collection in connection with the debt secured by said lien), and the name and address of claimant.

Section 11. Foreclosure. The Declarant, for each Lot or Unit owned within the Properties, hereby covenants, and each Owner of any Lot or Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant, agree and authorize the Association to foreclose on any recorded lien in accordance with the procedures prescribed in the rules pertaining to foreclosures of mortgages in the Maryland Rules of Procedure, as if the Association were the mortgagee and the Owner were the mortgagor.

Section 12. Curing of Default. Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, the officers of the Association are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting owner of a fee, to be determined by the Association, but not to exceed One Hundred Dollars (\$100.00), to cover the costs of preparing and filing or recording such release.

Section 13. Cumulative Remedies. The assessment lien and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

Section 14. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any Institutional Mortgagee providing purchase money financing in either the form of a single purchase money first mortgage or a combination purchase money first and purchase money second mortgage, such purchase money first and

each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specific Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 9. Effect of a Non-payment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum. Subject to the provisions of Section 14, the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his Lot.

Section 10. Notice of Lien. No action shall be brought to foreclose said assessment lien or to proceed under the power of sale herein provided less than thirty (30) days after the date of notice of claim of lien is deposited in the United States mail, certified or registered, postage prepaid, to the owner of said Lot or Unit, and a copy thereof is recorded by the Association among the Land Records of Prince George's County, Maryland. Such notice of claim must recite a good and sufficient legal description of any such Lot or Unit, the record owner or reputed owner thereof, the amount claimed (which may at Association's option include interest on the unpaid assessment at the legal rate, plus reasonable attorney's fees and expenses of

purchase money second mortgage combination designed to facilitate financing due to statutory lending limits which may prohibit financing of first mortgages in excess of certain dollar amounts. Sale or transfer of any Lot or Unit pursuant to Mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payment which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot owner from liability for any assessments thereafter becoming due from the lien thereof.

Section 15. Notice to Mortgagees. Upon request, the Association shall notify the holder of the first mortgage on any Lot or Unit for which any assessment levied pursuant to this Amended Declaration becomes delinquent for a period in excess of sixty (60) days and in any other case where the owner of such Lot or Unit is in default with respect to the performance of any other obligation hereunder for a period in excess of sixty (60) days. Such notification shall be in writing.

ARTICLE VI

ARCHITECTURAL STANDARDS

Except for original construction and landscaping or as otherwise in these covenants provided, no landscaping, building, fence, hedge, shrub, tree, wall or other planting or structure shall be commenced, erected or maintained upon any Lot, Unit, and/or Common Area, nor shall any exterior addition to or change including changes in paint and/or stain colors or alteration therein be made thereto until the plans and specifications showing the nature, kind, shape, dimensions, materials, color and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of

Directors of the Association, or by an Architectural Standards Committee as the Board's representative for this purpose and composed of three (3) or more representatives appointed by the board. In the event said Board or its designated committee fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VII

EXTERIOR MAINTENANCE OF DWELLINGS

The Owner of each Lot or Unit shall maintain the landscaping and the improvements situated thereon in a manner satisfactory to the Board or Directors of the Association, except as may be otherwise provided for or modified in the Declaration and By-Laws of Marlborough Condominium, to be recorded subsequent hereto. The Declaration and By-Laws of Marlborough Condominium shall apply solely and exclusively to the Common Elements and Units within such Condominium Regime. In the event an Owner of any Lot or Unit in the Properties shall fail to maintain the landscaping and improvements situated thereon in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) vote of the Board or Directors, shall have the right, through its agents and/or employees, to enter upon the Lot or Unit and to repair and maintain the landscaping thereon and the exterior of the buildings and any other improvements erected thereon. The cost of such maintenance and repair shall be added to and become part of the assessment to which said Lot or Unit is subject. Said amount shall also constitute a lien upon the property whereupon such repairs have been made and may

be collected in the same manner and to the same extent as the monthly assessment provided for in Article V hereinabove.

ARTICLE VIII

DUTIES AND POWERS OF THE ASSOCIATION

Section 1. In addition to the duties and powers enumerated in its Articles of Incorporation, and By-Laws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

(a) Own, maintain, improve, construct, reconstruct (in the event of deterioration or destruction) and manage all of the Common Areas and all facilities, improvements and landscaping thereon, and all property acquired by the Association, and to pay all the costs thereof;

(b) Pay personal property taxes and other charges assessed against the Common Areas;

(c) Have the authority to obtain, for the benefit of the Common Areas, all water, gas and electric service and refuse collection;

(d) Grant easements where necessary for utilities and sewer facilities over the Common Areas to serve the Common Areas;

(e) Maintain such policy or policies of insurance on the Common Areas as the Board of Directors of the Association deems necessary or desirable in furthering the purposes of and protecting the interest of the Association and its members;

(f) Have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, provided that any contract with a person or firm appointed shall not exceed one (1) year in

term unless approved by a majority of the members of the Association, with the exception of an insurance contract that may be for a period not to exceed three (3) years;

(g) Enforce applicable provisions of this Amended Declaration and the By-Laws of the Association and establish and enforce uniform rules and regulations pertaining to the use of the Common Areas;

(h) Have the authority to contract for fire, casualty, liability and other insurance on behalf of the Association.

Section 2. Maintenance of Records. The Association shall maintain adequate books and records and a mortgagee shall have the right to examine the books and records of the Association during regular business hours and upon reasonable notice.

ARTICLE IX

PROHIBITED USES AND NUISANCES

Section 1. Itemization. Except for the activities of the Declarant during original development, construction and marketing period:

(a) No noxious or offensive trade or activity shall be carried on upon any Lot or within any Unit situate upon the Properties, nor shall anything be done therein or thereon which may be or become an annoyance or nuisance to the neighborhood or the other Owners of the Properties.

(b) The maintenance, keeping, boarding and/or raising of animals, livestock or poultry of any kind, regardless of number shall be and is hereby prohibited on any Lot or within any Unit situate upon the Properties, except that this shall not prohibit the keeping of domesticated dogs, cats and/or caged

birds provided they are not kept, or bred or maintained for commercial purposes.

(c) No burning of any trash and no accumulation of storage of litter, new or used building materials or trash of any kind shall be permitted on the Properties.

(d) Except as herein elsewhere provided, no junk vehicle, commercial vehicle, vehicle which does not display current registration, trailer, truck, camper, camp truck, house trailer, boat or the like shall be kept upon the Properties except as determined by the Board of Directors not, (except for bond fide emergencies) shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon. The Association may, in the discretion of the Board of Directors, provide and maintain a suitable area designated for the parties of such vehicles or the like.

(e) Trash and garbage containers shall be kept in a clean and sanitary condition and shall not be permitted to remain in public view except on days of trash collection. Such containers shall be kept in the rear of any unit, or in an area designated by the Board of Directors.

(f) In order to facilitate the free movement of passing vehicles, no automobiles belonging to residents shall be parked on any private streets, except during bond fide temporary emergencies, or unless as otherwise authorized by the Board of Directors.

(g) No structurally sound or healthy trees shall be removed from any Lot without written approval of the Association acting through its Board of Directors or duly appointed committee.

(h) No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be used on

any Lot at any time. Temporary playhouses or the like may be so maintained provided that their primary purpose is the maintenance and/or promotion of juvenile recreation subject to application to and approval by the Board of Directors of the Association or by the Architectural Control Committee, as the case may be.

(i) No signs of any character shall be erected, posted, or displayed upon, in or about any Lot or Unit; PROVIDED, HOWEVER, that one temporary real estate sign not exceeding six (6) square feet in area, may be erected upon any Lot placed upon the market for sale or rent.

(j) No structure, planting or material other than sidewalks shall be placed or permitted to remain upon any Lot which may damage or interfere with any easement for the installation or maintenance of utilities, or which may change, obstruct or retard direction or flow of any drainage channels.

(k) The doors of any storage room or the like shall be maintained in a closed position whenever possible.

(l) No outside television or radio aerial or antenna, or other aerial or antenna, for reception or transmission, shall be maintained upon any Lot or Unit.

(m) There shall be no violation of any rules for the use of the Common Areas which may from time to time be adopted by the Board of Directors and promulgated among the membership by them in writing, and the Board of Directors is hereby authorized to adopt such rules.

Section 2. Right of the Association to Remove or Correct a Violation of the Articles. The Association may, in the interest of the general welfare of all the Owners of the Properties and after reasonable notice to the Owner, enter upon any Lot or the exterior of any unit at reasonable hours on any day except Sunday for the purpose of removing or correcting any

violation or breach of any attempted violation of any of the covenants and restrictions contained in this Article, or for the purpose of abating anything herein defined as a prohibited use or nuisance; PROVIDED, HOWEVER, that no such action shall be taken without a resolution of the Board of Directors of the Association or by an Architectural Standards Committee composed of three (3) or more members appointed by the Board.

Section 3. Declarant's Exemption. During the period of development, construction and marketing, the Declarant shall be exempt from the provisions of this Articles.

ARTICLE X

EASEMENTS

Section 1. Property Subject to Easements. The Declarant, for itself, its successors and assigns, hereby declares its express intention to establish subservient condominium regimes and homeowner's associations upon the properties. The easements created pursuant to these Articles shall inure to the benefit of all Owners within the Association, pursuant to Article II hereof.

Section 2. Easements. In addition to the easements reserved on the Plats aforesaid which are for the benefit of the Declarant, its successors and assigns, and Mortgagees;

(a) Declarant for itself, its successors and assigns, hereby declares that every Owner shall have a perpetual easement in, upon, through and over the land shown on the Plat recorded simultaneously herewith, for ingress and egress to all, Lots, Units, and Common Areas, and for use of all sidewalks, walkways, and roadways upon the Property.

(b) Declarant reserves unto itself, its successors and assigns, an easement in, upon, through and over the land comprising the Common Areas for the purpose of installation, maintenance, repair and replacement of all sewer, water, power,

telephone and other communication systems, pipes, lines, mains, conduits, poles, transformers and any and all other equipment or machinery necessary or incidental to the proper functioning of any utility system serving the property.

Section 3. Hiker/Biker Path. The Declarant acknowledges that the owner of the golf course property adjoining the Association has granted or intends to grant a license to the Association for use of the hiker/biker path upon the golf course property. The Declarant for itself, its successors and assigns, hereby declares that every Owner shall have a license for use of the hiker/biker path, for so long as the hiker/biker path exists, such existence to be determined solely by the owner, its successors and assigns, of the golf course property.

ARTICLE XI

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Amended Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Amended Declaration shall run with and bind the land, for

a term of twenty (20) years from the date this Amended Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Amended Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded. Notwithstanding the foregoing, this Amended Declaration shall not be amended without the written consent of seventy-five percent (75%) of the First Mortgagees or seventy-five percent (75%) of the Owners to permit the Association or the Owners to;

(a) By act or omission, seek to abandon or terminate the Association on the provisions of this Amended Declaration relating to architectural standards, exterior maintenance and Common Areas maintenance;

(b) Change the method of determining the obligations or assessments which may be levied against an Owner;

(c) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas, provided, however, that the grant of easements for public utilities or for other public purposes shall not be deemed a transfer within the meaning of this clause;

(d) Use hazard insurance proceeds for losses to the Common Areas for other than the repair, replacement or reconstruction of such improvements and Common Areas except as provided by statute; or

(e) Fail to maintain Fire and Extended Coverage insurance on the Common Areas on a current replacement cost basis in an amount less than one hundred percent (100%) of insurable value based on present replacement cost.

6206 308

Section 4. FHA/VA Approval. Anything set forth in Section 3 of this Article to the contrary notwithstanding, the Declarant shall have the absolute unilateral right, power and authority to modify, revise, amend or change any of the terms or provisions of this Amended Declaration, as from time to time amended or supplemented. This unilateral right, power and authority of the Declarant may be exercised only if either the Veterans Administration or the Federal Housing Administration or any successor agencies thereto or other federal, state or local government agencies shall require such action as a condition precedent to the approval by such agency, of the Properties or any part thereof or any Lots or Units thereon, for federally approved mortgage financing purposes under applicable Veterans Administration, Federal Housing Administration or similar programs. If the Veterans Administration or the Federal Housing Administration or any successor agencies approve the Properties or any parts thereof or any Lots or Units thereon for federally approved mortgage financing purposes, thereafter any amendments to the Amended Declaration made during any period of time when there are Class B members shall also require the prior consent of the agency giving such approval.

Furthermore, any such sale, transfer, assignment, dedication or donation of any Common Areas, or any part thereof, in fee or otherwise, whether by the Association or the Declarant, shall require approval of the Prince George's County Planning Board of the Maryland-National Capital Park and Planning Commission, said approval not to be unreasonably withheld. Furthermore, the Commission shall have the right to bring any action for any legal or equitable relief necessary to enforce the aforementioned rights. In addition, the rights, privileges and obligations accorded to the Prince George's County Planning Board of

6296 309

the Maryland-National Capital Park and Planning Commission set forth herein, shall not be subject to any amendment procedures.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused these presents to be executed in its corporate name the day and year first above written.

WITNESS: MARLBOROUGH DEVELOPMENT CORPORATION

Michael H. Manna

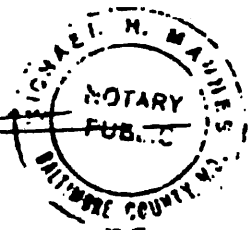
BY: Glenn P. Grossman
Glenn P. Grossman,
Vice President

STATE OF MARYLAND)
COUNTY OF BALTIMORE)

On this 21ST day of MARCH, 1986, before the undersigned officer, personally appeared Glenn R. Grossman, who acknowledged himself to be the Vice President of MARLBOROUGH DEVELOPMENT CORPORATION, a Maryland corporation, and that he as such officer being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Michael H. Manna
NOTARY PUBLIC



My Commission Expires: 7/1/86

VILLAGES OF MARLBOROUGH COMMUNITY ASSOCIATION, INC.

EXHIBIT "A"

PLAT OF CORRECTION
PLAT ONE, PLAT THREE AND PLAT FOUR
LOTS 1-26, BLOCK A AND OPEN SPACE OUTLOT A
LOTS 1-14, BLOCK B AND A PORTION OF PARCEL A
PORTION OF LOT 1, BLOCK D

Containing three parcels of land shown as: Lots 1-26, Block A and Open Space Outlot A as shown "Plat of Correction, Plat One, Lots 1-26, Block A, Open Space Outlot A and Parcel 1, Villages of Marlborough" recorded among the plat records of Prince George's County, Maryland in Plat Book NLP, Plat No. 2; Lots 1-14, Block B and a portion of Parcel A as shown on "Plat of Correction, Plat Four, Lots 1 through 28, Block B, Villages of Marlborough" recorded as aforesaid in Plat Book NLP 126, Plat No. 5; and a portion of Lot 1, Block D as shown on "Plat of Correction, Plat Three, Lots 1 and 2, Block D, Villages of Marlborough" recorded as aforesaid in Plat Book NLP 126, Plat No. 4; and being more particularly described as follows:

PARCEL 1

PLAT OF CORRECTION
PLAT ONE
LOTS 1-26, BLOCK A AND OPEN SPACE OUTLOT A

BEGINNING for the same at a point distant North 04 degrees 00' 01" East 890.23 feet from the end of the Seventh or South 66 degrees 21' 55" West 132.03 foot line as described in Exhibit "A" of a Special Warranty Deed from C.M.E.I., Inc., successor by merger to Cousins Mortgage and Equity Investments, of Cobb County, Georgia to Marlborough Development Corporation, a Maryland corporation by deed dated June 13, 1983 and recorded among the land records of Prince George's County, Maryland in Liber 5704 at Folio 232; said point of beginning also being a corner common to Lot 1, Block A; and Parcel 1, Marlborough Country Club and a point-on-curve on the southern right-of-way line of Colonel's Choice Road as shown on a plat entitled "Plat of Correction, Plat One, "Villages of Marlborough";

THENCE running the following courses and distances with meridian referenced to Washington Suburban Sanitary Commission Grid North:

1. By a curve to the left with a radius of 430.00 feet for a distance of 120.00 feet the arc of which is subtended by a chord bearing South 82 degrees 08' 01" East 119.61 feet to the end of said curve, thence on the western right-of-way line of Colonel Addison Place,
2. South 48 degrees 16' 53" East 33.36 feet to a point,
3. South 06 degrees 26' 15" East 83.80 feet to a point,
4. By a curve to the left with a radius of 350.00 feet for a distance of 128.94 feet the arc of which is subtended by a chord bearing South 16 degrees 59' 39" East 128.24 feet to the end of said curve, thence with the right-of-way line of Colonel Addison Court,
5. South 13 degrees 37' 08" West 32.91 feet to a point,
6. South 54 degrees 47' 16" West 56.34 feet to a point,

7. By a curve to the right having a radius of 20.00 feet for a distance of 17.45 feet the arc of which is subtended by a chord bearing South 79 degrees 47' 09" West 16.70 feet to the end of said curve, thence
8. By a curve to the left having a radius of 50.00 feet for a distance of 244.35 feet the arc of which is subtended by a chord bearing South 35 degrees 12' 43" East 64.29 feet to the end of said curve, thence
9. By a curve to the right having a radius of 20.00 feet for a distance of 17.45 feet the arc of which is subtended by a chord bearing North 29 degrees 47' 20" East 16.93 feet to the end of said curve, thence
10. North 54 degrees 47' 16" East 86.34 feet to a point,
11. South 84 degrees 02' 36" East 32.91 feet to a point,
12. By a curve to the left having a radius of 350.00 feet for a distance of 107.29 feet the arc of which is subtended by a chord bearing South 51 degrees 39' 22" East 106.87 feet to the end of said curve, thence
13. By a curve to the left having a radius of 50.00 feet for a distance of 215.43 feet the arc of which is subtended by a chord bearing North 03 degrees 52' 15" West 87.46 feet to the end of said curve, thence
14. By a curve to the right having a radius of 20.00 feet for a distance of 27.98 feet the arc of which is subtended by a chord bearing North 87 degrees 13' 32" West 25.75 feet to the end of said curve, thence
15. By a curve to the right having a radius of 300.00 feet for a distance of 213.15 feet the arc of which is subtended by a chord bearing North 26 degrees 47' 30" West 208.70 feet to the end of said curve, thence
16. North 06 degrees 26' 15" West 83.80 feet to a point,
17. North 35 degrees 24' 32" East 33.36 feet to a point on the southern right-of-way line of Colonel's Choice Road
18. By a curve to the left having a radius of 430.00 feet for a distance of 62.47 feet the arc of which is subtended by a chord bearing North 73 degrees 05' 57" East 62.40 feet to the end of said curve, thence
19. South 19 degrees 33' 46" East 192.54 feet to a point,
20. South 27 degrees 36' 08" East 40.85 feet to a point,
21. North 88 degrees 10' 04" East 87.96 feet to a point,
22. South 29 degrees 19' 42" East 154.09 feet to a point,
23. South 02 degrees 11' 01" West 48.45 feet to a point,
24. South 56 degrees 50' 30" West 38.95 feet to a point,
25. North 87 degrees 48' 59" West 65.39 feet to a point,
26. South 61 degrees 11' 51" West 58.33 feet to a point,
27. South 29 degrees 33' 43" West 58.00 feet to a point,
28. South 76 degrees 55' 29" West 27.45 feet to a point,
29. North 60 degrees 18' 20" West 97.89 feet to a point,
30. South 37 degrees 20' 18" West 78.95 feet to a point,
31. South 69 degrees 03' 03" West 97.92 feet to a point,
32. North 73 degrees 08' 02" West 104.12 feet to a point,
33. North 35 degrees 19' 09" West 96.90 feet to a point,
34. North 01 degrees 53' 24" West 256.78 feet to a point,
35. North 17 degrees 04' 05" East 140.68 feet to a point,
36. North 55 degrees 23' 32" East 36.00 feet to a point,
37. North 15 degrees 51' 40" East 18.00 feet to the point of beginning.

Containing 4.1915 Acres of land more or less.

PARCEL 2

PLAT OF CORRECTION
 PLAT FOUR
 LOTS 1 THROUGH 14B,
 BLOCK B, AND PORTION OF PARCEL 4

BEGINNING for the same at a point distant North 01 degrees 33' 30" West 992.74 feet from the end of the seventh or South 65 degrees 21' 55" West 132.03 foot line as described in Exhibit "A" of a Special Warranty Deed from C.M.E.I., Inc., successor by merger to Cousins Mortgage and Equity Investments, of Cobb County, Georgia to Marlborough Development Corporation, a Maryland corporation by deed dated June 13, 1983 and recorded among the land records of Prince George's County, Maryland in Liber 5704 at Folio 232; said point of beginning also being at the beginning of the North 12 degrees 13' 06" East 333.69 foot line of "Plat of Correction, Plat Four, Villages of Marlborough";

THENCE running the following 16 courses and distances:

1. North 12 degrees 13' 06" East 333.69 feet to a point,
2. North 33 degrees 57' 42" East 77.69 feet to a point,
3. South 58 degrees 30' 00" East 131.90 feet to a point,
4. By a curve to the left having a radius of 386.50 feet for a distance of 84.78 feet the arc of which is subtended by a chord bearing South 25 degrees 12' 57" West 84.61 feet to the end of said curve, thence
5. South 71 degrees 04' 06" East 19.50 feet to a point,
6. By a curve to the left having a radius of 367.00 feet for a distance of 43.00 feet the arc of which is subtended by a chord bearing South 15 degrees 34' 30" West 42.97 feet to the end of said curve, thence
7. South 12 degrees 13' 06" West 9.50 feet to a point,
8. North 77 degrees 46' 54" West 19.50 feet to a point,
9. South 12 degrees 13' 06" West 97.08 feet to a point,
10. South 77 degrees 46' 54" East 19.50 feet to a point,
11. South 12 degrees 13' 06" West 38.50 feet to a point,
12. North 77 degrees 46' 54" West 19.50 feet to a point,
13. South 12 degrees 13' 06" West 110.36 feet to a point,
14. By a curve to the right having a radius of 368.00 feet for a distance of 27.04 feet the arc of which is subtended by a chord bearing North 74 degrees 55' 30" West 27.03 feet to a point,
15. By a curve to the right having a radius of 368.00 feet for a distance of 66.87 feet the arc of which is subtended by a chord bearing North 67 degrees 36' 15" West 65.78 feet to the end of said curve, thence
16. By a curve to the left having a radius of 432.00 feet for a distance of 39.86 feet the arc of which is subtended by a chord bearing North 65 degrees 02' 46" West 39.85 feet to the point of beginning.

Containing 0.5465 Acres of land more or less.

PARCEL 3

PLAT OF CORRECTION
 PLAT THREE
 PORTION OF LOT 1

BEGINNING for the same at a point distant North 22 degrees 43' 30" East 1078.40 feet from the end of the seventh or South 66

degrees 21' 55" West 132.03 foot line as described in Exhibit "A" of a Special Warranty Deed from C.M.E.I., Inc., successor by merger to Cousins Mortgage and Equity Investments, of Cobb County, Georgia to Marlborough Development Corporation, a Maryland Corporation by deed dated June 13, 1983 and recorded among the land records of Prince George's County, Maryland in Liber 5704 at Folio 232; said point of beginning also being at the beginning of the North 63 degrees 35' 56" West 356.72 foot line of "Plat of Correction, Plat Three, Villages of Marlborough";

THENCE running the following 18 courses and distances:

1. North 26 degrees 24' 00" West 82.48 feet to a point,
2. North 60 degrees 24' 00" West 71.48 feet to a point,
3. South 29 degrees 36' 00" West 43.00 feet to a point,
4. South 76 degrees 05' 38" West 30.33 feet to a point,
5. North 60 degrees 24' 00" West 61.21 feet to a point,
6. North 12 degrees 13' 06" East 16.23 feet to a point,
7. North 77 degrees 46' 54" West 19.50 feet to a point,
8. North 12 degrees 13' 06" East 97.08 feet to a point,
9. South 77 degrees 46' 54" East 19.50 feet to a point,
10. North 12 degrees 13' 06" East 9.50 feet to a point,
11. By a curve to the right having a radius of 357.00 feet for a distance of 16.93 feet the arc of which is subtended by a chord bearing North 13 degrees 32' 24" East 16.93 feet to the end of said curve, thence
12. South 60 degrees 24' 00" East 77.22 feet to a point,
13. North 29 degrees 36' 00" East 88.51 feet to a point,
14. South 60 degrees 24' 00" East 93.92 feet to a point,
15. South 29 degrees 36' 00" West 136.10 feet to a point,
16. South 60 degrees 24' 00" East 31.66 feet to a point on the
17. South 26 degrees 24' 00" East 89.20 feet to a point on the northern right-of-way line of Colonel's Choice Road, thence
18. South 63 degrees 36' 00" West 22.00 feet to the point of beginning.

Containing 0.6888 Acres of land more or less.

All three parcels BEING part of the lands conveyed by C.M.E.I., Inc, a successor by merger to Cousins Mortgage and Equity Investments, of Cobb County in the State of Georgia, to Marlborough Development Corporation, a Maryland Corporation, by deed dated June 13, 1983, and recorded among the land records of Prince George's County, Maryland in Liber 5704, at Folio 232.

Containing in the aggregate 5.4180 Acres of land more or less.

6296 314

VILLAGES OF MARLBOROUGH⁶ COMMUNITY ASSOCIATION, INC.

EXHIBIT "B"

There is no real property scheduled to be dedicated to the Villages of Marlborough Community Association, Inc. at the time of conveyance of the first lot as described in Exhibit "A".

VILLAGES OF MARLBOROUGH COMMUNITY ASSOCIATION, INC.

EXHIBIT "C"DESCRIPTION OF
VILLAGES OF MARLBOROUGH

BEGINNING for the same at a pipe found in a pile of stones at the beginning of Part II of the lands conveyed by C.M.E.I., Inc, a successor by merger to Cousins Mortgage and Equity Investments, of Cobb County in the State of Georgia, to Marlborough Development Corporation, a Maryland Corporation, by deed dated June 13, 1983, and recorded among the land records of Prince George's County, Maryland in Liber 5704, at Folio 232;

THENCE, with the thirty-ninth through the thirty-first and a part of the thirtieth lines thereof, reversed, the following ten (10) courses and distances:

1. North 69 degrees 21' 35" West 99.02 feet to a point;
2. South 83 degrees 08' 25" West 104.42 feet to a point;
3. North 83 degrees 29' 01" West 1383.40 feet to a point;
4. South 58 degrees 21' 55" West 264.07 feet to a point;
5. South 33 degrees 21' 55" West 99.03 feet to a point;
6. South 69 degrees 21' 55" West 627.13 feet to a point;
7. South 66 degrees 21' 55" West 132.03 feet to a point;
8. South 73 degrees 21' 55" West 462.30 feet to a point;
9. South 82 degrees 21' 55" West 86.48 feet to a point;
10. South 44 degrees 51' 55" West 258.15 feet to a point;
11. 193.44 feet along the arc of a curve deflecting to the left, having a radius of 869.61 feet and a chord bearing North 81 degrees 32' 54" West 193.04 feet to a point of tangency;
12. North 87 degrees 55' 13" West 196.71 feet to a point of curvature; and
13. 395.08 feet along the arc of a curve deflecting to the left, having a radius of 588.31 feet and a chord bearing South 72 degrees 50' 28" West 387.70 feet to a point;
14. North 87 degrees 59' 29" West 55.26 feet to a point on the eastern right-of-way line of Brown Station Road, thence with said eastern right-of-way line as shown on Prince George's County Department of Public Works Plat Number 852,
15. North 42 degrees 59' 29" West 717.18 feet to a point;
16. 132.72 feet along the arc of a curve deflecting to the right, having a radius of 2832.79 feet and a chord bearing North 41 degrees 38' 54" West 132.70 feet to the end of said curve,
17. 220.07 feet along the arc of a curve deflecting to the left, having a radius of 2391.15 feet and chord bearing North 38 degrees 04' 55" West 219.99 feet to intersect the aforesaid right-of-way line, thence continuing with said eastern right of way line of Brown Station Road as shown on Prince George's County Department of Public Works Plat Numbered 852, 853 and 854, the following four (4) courses and distances:
18. 412.21 feet along the arc of a curve deflecting to the right, having a radius of 2832.79 feet and chord bearing North 31 degrees 40' 40" West 412.85 feet to the end of said curve
19. North 27 degrees 29' 56" West 1547.41 feet to a point of curvature; and

20. 767.17 feet along the arc of a curve deflecting to the right, having a radius of 2832.79 feet and chord bearing North 19 degrees 44' 26" West 764.82 feet, to the end of said curve,
21. North 03 degrees 00' 07" East 56.74 feet to a point; and
22. North 13 degrees 53' 22" West 174.68 feet to intersect the aforesaid eastern right-of-way line, thence with said right-of-way line as shown on Prince George's County Department of Public Works Plat Number 855,
23. North 08 degrees 21' 16" West 335.58 feet to a point;
24. North 03 degrees 08' 22" West 255.41 feet to a point;
25. North 04 degrees 06' 38" East 264.00 feet to a point;
26. North 42 degrees 23' 22" West 116.87 feet to a point;
27. North 70 degrees 21' 38" East 528.00 feet to a point;
28. North 69 degrees 06' 38" East 594.00 feet to a point;
29. North 53 degrees 38' 22" West 383.63 feet to a point;
30. North 26 degrees 08' 22" West 264.00 feet to a point;
31. North 08 degrees 51' 38" East 222.75 feet to a point;
32. North 15 degrees 38' 22" West 335.45 feet to a point;
33. North 00 degrees 36' 38" East 272.25 feet to a point;
34. South 35 degrees 38' 22" East 165.00 feet to a point;
35. South 26 degrees 53' 22" East 528.00 feet to a point;
36. South 38 degrees 10' 32" East 336.19 feet to a point;
37. South 40 degrees 53' 22" East 401.45 feet to a point;
38. South 58 degrees 08' 22" East 343.21 feet to a point;
39. North 63 degrees 50' 36" East 568.77 feet to a point;
40. South 74 degrees 08' 34" East 566.43 feet to a point;
41. South 81 degrees 38' 34" East 256.73 feet to a point;
42. South 49 degrees 53' 34" East 132.00 feet to a point;
43. South 23 degrees 23' 34" East 164.99 feet to a point;
44. South 01 degrees 23' 34" East 461.98 feet to a point;
45. South 38 degrees 53' 34" East 230.99 feet to a point;
46. South 31 degrees 36' 26" West 132.00 feet to a point;
47. South 34 degrees 38' 34" East 244.19 feet to a point;
48. South 18 degrees 53' 34" East 71.94 feet to a point;
49. South 82 degrees 23' 34" East 287.09 feet to a point;
50. South 80 degrees 53' 34" East 273.89 feet to a point;
51. South 66 degrees 23' 34" East 132.00 feet to a point;
52. South 44 degrees 53' 34" East 99.00 feet to a point;
53. South 36 degrees 23' 34" East 536.23 feet to a point;
54. South 25 degrees 53' 34" East 329.99 feet to a point;
55. South 34 degrees 23' 02" East 102.61 feet to a point;
56. South 73 degrees 54' 02" East 145.16 feet to a point;
57. South 31 degrees 42' 42" East 171.83 feet to a point;
58. South 86 degrees 27' 02" East 212.47 feet to a point;
59. South 21 degrees 51' 42" East 334.54 feet to a point;
60. South 77 degrees 50' 22" East 177.33 feet to a point;
61. South 58 degrees 52' 12" East 226.66 feet to a point;
62. South 46 degrees 30' 00" East 220.00 feet to a point;
63. South 23 degrees 30' 00" East 72.00 feet to a point;
64. South 12 degrees 45' 00" West 158.00 feet to a point;
65. South 12 degrees 30' 00" East 190.00 feet to a point;
66. South 88 degrees 39' 42" East 78.25 feet to a point;
67. North 46 degrees 28' 30" East 19.64 feet to a point;
68. South 88 degrees 00' 52" East 27.91 feet to a point;
69. South 07 degrees 26' 52" East 130.38 feet to a point;
70. South 41 degrees 28' 42" East 229.26 feet to a point;
71. South 31 degrees 23' 08" West 79.06 feet to a point;
72. South 33 degrees 36' 22" East 86.95 feet to a point;
73. South 57 degrees 23' 12" East 160.84 feet to a point;
74. South 60 degrees 47' 28" West 87.12 feet to the place of beginning.

6296 317

Containing 409.33 Acres of land more or less.

SAVING AND EXCEPTING the following two parcels of land:

PARCEL 1

BEGINNING for the same at the end of the 14th or North 87 degrees 59' 29" West line of the above described parcel of land said point being at the intersection of Brown Station Road and Old Marlboro Pike thence running with the 1st through the 5th lines of the above described parcel of land.

1. North 42 degrees 59' 29" West 717.18 feet to a point,
2. By a curve to the right having a radius of 2832.79 feet for a distance of 132.72 feet the arc of which is subtended by a chord bearing North 41 degrees 38' 54" West 132.70 feet to the end of said curve,
3. By a curve to the left having a radius of 2391.15 feet for a distance of 220.07 feet the arc of which is subtended by a chord bearing North 38 degrees 04' 55" West 219.99 feet to the end of said curve,
4. By a curve to the right having a radius of 2832.79 feet for a distance of 413.21 feet the arc of which is subtended by a chord bearing North 31 degrees 40' 40" West 412.85 feet to the end of said curve,
5. North 27 degrees 29' 56" West 286.79 feet to a point, thence leaving said right-of-way and running the following courses and distances,
 6. South 87 degrees 11' 50" East 518.72 feet to a point,
 7. South 21 degrees 40' 28" East 74.62 feet to a point,
 8. North 47 degrees 05' 49" East 61.36 feet to a point,
 9. South 52 degrees 06' 14" East 111.34 feet to a point,
 10. North 88 degrees 34' 23" East 95.26 feet to a point,
 11. North 09 degrees 58' 06" East 54.47 feet to a point,
 12. North 71 degrees 38' 56" East 53.04 feet to a point,
 13. South 46 degrees 12' 22" East 83.63 feet to a point,
 14. North 48 degrees 38' 11" East 88.68 feet to a point,
 15. North 8 degrees 24' 37" East 251.52 feet to a point,
 16. South 64 degrees 03' 25" East 123.22 feet to a point,
 17. South 25 degrees 50' 05" East 185.40 feet to a point,
 18. South 20 degrees 38' 58" East 171.29 feet to a point,
 19. By a curve to the left having a radius of 60.00 feet for a distance of 87.37 feet the arc of which is subtended by a chord bearing South 61 degrees 14' 24" East 79.85 feet to the end of said curve,
 20. North 66 degrees 50' 13" East 103.11 feet to a point,
 21. By a curve to the right having a radius of 150.00 feet for a distance of 114.42 feet the arc of which is subtended by a chord bearing South 84 degrees 31' 02" East 111.67 feet to the end of said curve, thence
 22. South 76 degrees 12' 01" East 29.25 feet to a point,
 23. South 51 degrees 38' 55" East 140.00 feet to a point,
 24. South 30 degrees 29' 32" East 455.79 feet to a point,
 25. South 16 degrees 38' 05" East 245.00 feet to a point on the eighth or South 73 degrees 21' 55" West 462.30 foot line of the parcel described above thence running with and binding on part of said line,
 26. South 73 degrees 21' 55" West 35.00 feet to a point,
 27. South 82 degrees 21' 55" West 86.48 feet to a point,
 28. South 44 degrees 51' 55" West 258.15 feet to a point,

6296 318

29. By a curve to the left having a radius of 869.61 feet for a distance of 193.44 feet the arc of which is subtended by a chord bearing North 81 degrees 32' 54" West 193.04 feet to the end of said curve, thence
30. North 87 degrees 55' 13" West 196.71 feet to a point,
31. By a curve to the left having a radius of 588.31 feet for a distance of 395.08 feet the arc of which is subtended by a chord bearing South 72 degrees 50' 28" West 387.70 feet to the end of said curve, thence
32. North 87 degrees 59' 29" West 55.26 feet to the point of beginning.

Containing 40.8682 Acres of land more or less.

PARCEL 2

The land area presently known as the Duke of Marlborough Golf Course and Country Club.

Containing 123.0149 Acres of land more or less.

The residual containing an aggregate of 245.5851 Acres of land more or less.

BEING part of the lands conveyed by C.M.E.I., Inc. a successor by merger to Cousins Mortgage and Equity Investments, of Cobb County in the State of Georgia, to Marlborough Development Corporation, a Maryland Corporation, by deed dated June 13, 1983 and recorded among the land records of Prince George's County, Maryland in Liber 5704, at Folio 232.

SAVING AND EXCEPTING from the 245.5841 Acres of land more or less.

6296 313

<p>ATLANTA, GEORGIA COMMUNITY ASSOCIATION, INC. MEMBERSHIP</p>	<p>CLUBS OF PARLOROUGH COMMUNITY ASSOCIATION, INC.</p>		<p>Michael H. Nunn, Esquire BURKE GERBER, WILEN, FRANCOMANO & RADDING ATTORNEYS AT LAW 2 WEST WOODBURY STREET BALTIMORE MARYLAND 21201-4467</p>
--	--	--	---

26-34/A16
9.14.87

NO TITLE EXAMINATION
NO CONSIDERATION

8734-554

THIS DEED, Made this 25th day of SEPTEMBER in the year one thousand nine hundred and eight-seven by and between STERLING PROPERTIES ASSOCIATES II, INC., Grantor, Party of the first part, and VILLAGES OF MARLBOROUGH COMMUNITY ASSOCIATION, INC., a Maryland corporation, Grantee, Party of the second part.

WITNESSETH, that in consideration of the sum of No Dollars (\$0.00), which is the actual consideration paid or to be paid, including any deed of trust or mortgage to be made or assumed by the Grantee herein, the said Grantor does grant and convey to the said Grantee, its successors and assigns, in fee simple, all those lots of ground situate in Prince George's County, Maryland and described as follows, that is to say:

SEE EXHIBIT "1" ATTACHED HERETO AND MADE A PART HEREOF.

BEING part of the same lots of ground which by two (2) Deeds dated May 5, 1987, recorded among the Land Records of Prince George's County in Liber No. 6640, folios 428 and 494, as confirmed by two (2) Confirmatory Deeds dated May 19, 1987 and recorded among the aforesaid Land Records in Liber No. 6660, folios 721 and 730, were granted and conveyed by Marlborough Development Corporation unto Sterling Properties Associates II, Inc., the within Grantor.

The undersigned officer warrants that this conveyance is not part of a transaction in which there is a sale, lease, exchange or other transfer of all or substantially all of the property and assets of the Corporate Grantor.

TOGETHER with the buildings thereupon, and the rights, alleys, ways, waters, privileges, appurtenances and advantages thereto belonging, or in anywise appertaining.

TO HAVE AND TO HOLD the said described lots of ground and premises to the said Grantees, its successors and assigns, in fee simple.

AND the said party of the first part hereby covenants that it has not done or suffered to be done any act, matter or thing whatsoever, to encumber the property hereby conveyed; that it will warrant specially the property hereby granted; and that it will execute such further assurances of the same as may be requisite.

WITNESS the name and corporate seal of said body corporate and the signature of Ellwood L. Brown, the Vice President thereof.

WITNESS/ATTEST

STERLING PROPERTIES ASSOCIATES II, INC., a Maryland Corporation

Susan L. Clayton

By: Ellwood L. Brown (SEAL)
Ellwood L. Brown, Vice President

SEP 29 12 09 PM '87

7

6784 555

STATE OF MARYLAND, City of Baltimore, to wit:

I HEREBY CERTIFY that on this 16th day of September 1987, before me, the subscriber, a Notary Public of the State aforesaid, personally appeared Ellwood L. Brown, who acknowledged himself to be the Vice President of Sterling Properties Associates II, Inc., and that he as such Vice President being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing in my presence, the name of the corporation by himself as such Vice President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Cheryl L. Mullan
Notary Public

My Commission Expires: 7/1/90

NO TITLE EXAMINATION
NO CONSIDERATION

THIS DEED, Made this 17th day of August in the year one thousand nine hundred and eight-eight by and between STERLING PROPERTIES ASSOCIATES II, INC., Grantor, Party of the first part, and VILLAGES OF MARLBOROUGH COMMUNITY ASSOCIATION, INC., a Maryland corporation, Grantee, Party of the second part.

WITNESSETH, that in consideration of the sum of No Dollars (\$0.00), which is the actual consideration paid or to be paid, including any deed of trust or mortgage to be made or assumed by the Grantee herein, the said Grantor does grant and convey to the said Grantee, its successors and assigns, in fee simple, all those lots of ground situate in Prince George's County, Maryland and described as follows that is to say:

SEE EXHIBIT "1" ATTACHED HERETO AND MADE A PART HEREOF.

BEING part of the same lots of ground which by two (2) Deeds dated May 5, 1987, recorded among the Land Records of Prince George's County in Liber No. 6640, folios 428 and 494, as confirmed two (2) Confirmatory Deeds dated May 19, 1987 and recorded among the aforesaid Land Records in Liber No. 6660, folios 721 and 730, were granted and conveyed by Marlborough Development Corporation unto Sterling Properties Associates II, Inc., the within Grantor.

The undersigned officer warrants that this conveyance is not part of a transaction in which there is a sale, lease, exchange or other transfer of all or substantially all of the property and assets of the Corporate Grantor.

TOGETHER with the buildings thereupon, and the rights, alleys, ways, waters, privileges, appurtenances and advantages thereto belonging, or in anywise appertaining.

TO HAVE AND TO HOLD the said described lots of ground and premises to the said Grantees, its successors and assigns, in fee simple.

AND the said party of the first part hereby covenants that it has not done or suffered to be done any act, matter or thing whatsoever, to encumber the property hereby conveyed; that it will warrant specially the property hereby granted; and that it will execute such further assurances of the same as may be requisite.

WITNESS the name and corporate seal of said body corporation and the signature of Ellwood L. Brown, the Vice President thereof.

WITNESS/ATTEST

STERLING PROPERTIES ASSOCIATES II, INC., a Maryland Corporation

Redie J. Koidel

Ellwood L. Brown (SVP)
Ellwood L. Brown, Vice President

STATE OF MARYLAND, Citri of Baltimore Co. Md.:

I HEREBY CERTIFY that on this 1st day of August, 1988, before me, the subscriber, a Notary Public of the State aforesaid, personally appeared Ellwood L. Brown, who acknowledged himself to be the Vice President of Sterling Properties Associates, Inc., and that he as such Vice President being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing in my presence, the name of the corporation by himself as such Vice President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Cheryl J. Mullaney
Notary Public

My Commission Expires: 7/1/90

Dewberry & Davis

ARCHITECTS ENGINEERS PLANNERS SURVEYORS



Architects Engineers Planners Surveyors

2551 River Road
Annapolis, MD 21401
301 841-6811
metro 281 8707

Tot Lot on Gov. Pratt Ct.

August 10, 1988

DESCRIPTION OF 0.1273 ACRE OF LAND
TOT LOT (PARCEL "D")
VILLAGES OF MARLBOROUGH
MARLBORO ELECTION DISTRICT
PRINCE GEORGE'S COUNTY, MARYLAND

BEGINNING at a point located at the terminous of the North 27° 08' 00" West, 142.00 foot line as shown on "Plat of Correction Plat Three Villages of Marlborough", said plat recorded among the plat records of Prince George's County, Maryland in Plat Book 126 at Page 4; thence continuing with an extension of said line and running with a meridian referenced to the Washington Suburban Sanitary Commission Grid North as now described by Dewberry & Davis Registered Professional Land Surveyors,

- 1) North 27° 08' 00" West, 45.73 feet to a point; thence
- 2) North 35° 07' 00" East, 93.52 feet to point; thence
- 3) South 27° 08' 01" West, 84.88 feet to a point; thence
- 4) South 62° 52' 00" West, 84.93 feet to the point of beginning.

CONTAINING 0.1273 acre of land, more or less.

BEING a portion of the lands conveyed by Deed dated May 19, 1987 from Marlborough Development Corporation, a Maryland Corporation to Sterling Properties Associates II, Inc., and recorded among the land records of Prince George's County, Maryland in Liber 6660 at Folio 721 .

SUBJECT to all easements, rights-of-way, agreements, declarations, and covenants of record.

Villages of Marlborough Community Association, Inc.

HOMEOWNERS ASSOCIATION DEPOSITORY INFORMATION

1. The name, principal address and telephone number of the Declarant are: Sterling Properties Associates II, Inc.
7132 Ruthel Ford Rd. (301)-281-1700
Baltimore, Maryland 21207

The name, principal address and telephone number of the vendor are:
Same as Declarant.

2. The name of the homeowners association is: Villages of Marlborough Community Association, Inc.
It is incorporated in the State of Maryland. (If it is a Maryland corporation, its Articles of Incorporation may be obtained from the Maryland State Department of Assessments and Taxation.) The resident agent of the Association is: Michael H. Mannes

3. (a) The Association is located at: Old Marlboro Pike and John Rodgers Blvd. Upper Marlboro, Md.
The Development contains approximately 416 lots. The maximum number of lots which may be contained in the Development is 3600.

(b) Property owned by the Declarant which is to be dedicated to public use is: Plat #3, Parcel "D", Plat #7, Parcel "F", and Plat #11 Parcel "G" of Villages of Marlborough. Various other plats yet to be recorded for Stages 2 & 3 as shown on Exhibit #25 of the Specific Design Plan.

4. The Association ~~is or will be~~ is not and will not be within or a part of another development. If it is or will be part of another development, see the description attached.

5. The Declarant has ~~has not~~ reserved the right to annex additional lots into the Development. If the Declarant has reserved such right that additional property is described in the Declaration of Covenants, Conditions and Restrictions for the Association, recorded among the Land Records of Prince George's County in Liber 6296, folio 286, et seq., and any recorded Amendments or Supplements thereto (the "Declaration"). The time limits, if any, within which the Declarant may annex such property are also set forth in the Declaration.

6. The obligations set forth in any By-laws, Rules and Guidelines attached hereto are enforceable against a lot owner and the lot owner's tenants to the extent provided in the Declaration of Covenants, Articles of Incorporation, By-laws, Rules and Guidelines of the Association, and under state law.

7. (a) The common areas owned or to be owned by the Association are described in the Declaration, and/or shown on the record plat for this development which was recorded in the local Land Records.

REC'D
F/T/TH
3 PM 11
3
2927

REC'D
REC'D
FEE
59.0

Notice

Re: Amendments

There are currently over 100 Amendments to the Amended Declaration of Covenants, Conditions and Restrictions of the Villages of Marlborough Community Association, Inc, Prince George's County, Maryland filed in the Land Records of Prince George's County.

All of the Amendments to the Amended Declaration of Covenants, Conditions and Restrictions subject additional property to the Amended Declaration. If you wish to receive a copy, please contact ProCom at 410-721-0777 or 301-261-0777.

BLACKSTONE MANAGEMENT

Transfer Fee Notice

This notice is to inform you that a transfer fee of \$100.00 will be charged to all accounts for transferring to the new property owner. Please inform your title Company or closing agent to enclose the payment with the Hud1 form or closing statement.

Mail transfer fee of \$100.00 and the needed documentation to the below address

Blackstone Management, LLC
2-A Industrial Park Drive
Waldorf, MD 20602

Questions please contact Blackstone Management
Phone: (240) 349-2117
Web: www.blackstoneAM.com

Re-Sale Package Receipt

I hereby acknowledge that I have received and read the bylaw information for this community In accordance with section 11b-106 of the Real Property Article of the Annotated Code of Maryland, as amended, I am providing the following information for Association/Community records to me added to my owner file.

- Name of Association/Community:
- Purchasers Name(s):
- Sellers Name(s):
- Sellers Forwarding Address:
- Address of Home/Property:
- Name, Address, Phone of Settlement Agent:

Purchaser Signature

Purchaser Signature

Please return this completed for upon settlement to the below address



2A Industrial Park Drive Waldorf, MD 20602
www.blackstoneAM.com (240) 349-2117

BLACKSTONE MANAGEMENT

What is a Transfer Fee?

When buying or selling a home, it is expected that all sorts of fees will pop up at closing. However, the HOA transfer fee is one that sometimes takes people by surprise. This is a one-time fee that occurs when a property is transferred from one owner to another. The HOA transfer fee is mandated by the HOA and isn't always listed in the real estate contract because it is a non-negotiable fee, meaning that the buyer can't negotiate the amount with the seller.

However, it is generally considered the responsibility of the seller or buyer to contact the HOA to find out about the transfer fees that will be charged. To learn more about the fee, what it covers, and who is responsible for payment, read on.

What does the transfer fee cover?

The HOA transfer fee covers all costs that the HOA will incur when transferring the ownership records from the seller to the buyer. These are charges associated with preparing and distributing documents, updating names in databases, changing security codes and amenities passes, and other administrative costs. This fee also covers the welcome letter that is provided to each new property owner to give them all of the information needed when joining the Association.

How much is the transfer fee?

HOA transfer fees are generally in the \$100-\$250 range but vary from place to place. There is nothing legally mandated regarding the dollar amount that can be charged in *most* states,

Who is responsible for paying the transfer fee?

An HOA is required to disclose the transfer fees to all parties prior to the sale, but the sellers are generally responsible for paying the transfer fee. That being said, there is no hard-fast rule about who is responsible. Home purchase contracts should clearly state who is responsible for paying the HOA transfer fees. Though the dollar amount of the transfer fee is non-negotiable, a potential buyer can include a clause in their offer requesting that the seller pays all fees. The seller can counter with a set dollar amount that will be put towards HOA fees, leaving the buyer responsible for anything above that amount. The HOA transfer fee is almost always paid at the time of closing so the HOA shouldn't run into problems with the fee being left unpaid. However, in the rare event that the fee is left unpaid, the HOA can work with the new owner to consult the sales contract to determine who should be held responsible and proceed from there.

The HOA transfer fee isn't a very large fee, but it is necessary to cover the expenses incurred when transferring ownership from one owner to another.

For additional assistance managing your HOA community, or for general HOA management questions, [contact Blackstone Management](#) today and see what makes us refreshingly different.



2A Industrial Park Drive Waldorf, MD 20602
www.blackstoneAM.com (240) 349-2117

2021 VOM PROPOSED BUDGET	
	2021 Approved Budget
INCOME	
Assessments (146 X 1898)	277108.00
Refund Requests	
Returned Checks	
Attorney Collections	8000.00
Delinquency	-79800.00
Contribution to Reserve	
Fees (NSF,Late,Transfer)	
Total	205308.00
EXPENSES	
Administrative & Management	
Management Fee	31642.00
Administrative Charges	2000.00
Assessment Billing	4200.00
Copying	0.00
Mailings	8000.00
Bank Fees	350.00
Community Events	3554.00
Total	49746.00
General Operating	
Insurance	9200.00
Meeting Expenses	600.00
Tax Prep	300.00
Corporate Taxes	100.00
Property Taxes (Golf Course)	2000.00
Property Taxes (Common Prop.)	300.00
Website	1162.00
Bad Debt	30000.00
Total	43662.00
Utilities	
Electricity	500.00
Professional	
Legal - Misc	6000.00
Legal - Collections (N&Z))	24000.00
Neall (Debt Payments)	0.00
Accountant, Audit	1500.00
Community Patrol	2000.00
Recording Secretary	900.00
Total	34400.00
	2021 Approved Budget
Grounds	
Landscape Contracts:	
Common Areas	25,000.00
Open Space Parcels	33,600.00
Tree Removal & Misc.	8000.00
Mosquito Control	1400.00

Snow Removal	1000.00
Improvements & Repairs	8000.00
Total	77,000.00
TOTAL EXPENSES	205308.00

Villages of Marlborough Community Association, Inc.

Balance Sheet

09/13/2021

Assets

Accounts Receivable	404,819.78
Prepaid expenses	22,866.84
Bank of America Checking	139,480.20
Severn Bank - Savings	69,851.12
CIT Bank- Checking	195,716.02
<u>Total Assets</u>	<u>832,733.96</u>

Liabilities

Prepaid Accounts Receivable	44,645.15
<u>Total Liabilities</u>	<u>44,645.15</u>

Net Worth

Current Operation Funds	646,890.47
Net Income	141,198.34
<u>Total Net Worth</u>	<u>788,088.81</u>
<u>Total Net Worth and Liabilities</u>	<u>832,733.96</u>

BLACKSTONE MANAGEMENT

Villages of Marlborough Community Association, Inc.
c/o Blackstone Management, LLC
Waldorf, MD 20602

CERTIFICATE OF RESALE

Expires 30 days from September 13, 2021

TO: Real Estate Professional Services, LLC
13864 Mill Creek Court
Parkville, MD 21029

FROM: Villages of Marlborough Community Association, Inc.

Re: 13538 Lord Sterling Place Upper Marlboro, MD 20772

We hereby certify the following as of September 13, 2021, except as hereinafter stated:

A. The status of assessments with respect to the unit is as follows:

Current assessment due	\$0.00
TOTAL DUE	\$0.00

The Association levies annual assessments, payable Annually, in the amount of \$146.00. Special assessments may be levied in accordance with the by-laws for the same purpose. The Manager for the preparation of a Certificate of Resale currently charges a fee up to \$159.00.

The Association may charge late interest, collection and legal fees, and take actions to cure the deficiency, including lien actions and foreclosure actions.

There are no other fees imposed by the Association at this time, except:

- B. The following, if any, is a list of capital expenditures currently planned by the Association:
- C. As of September 13, 2021, there is a balance in the reserve for replacement (Reserve Fund) of a (see attached Balance Sheet), the Board of Directors for the following specific projects:
- D. Attached to this certificate is a statement of financial condition (balance sheet).

An income and expense statement and the current operating budget for year most recently ended are also included.



2A Industrial Park Drive Waldorf, MD 20602
www.blackstoneAM.com (240) 349-2117

BLACKSTONE MANAGEMENT

- E. There are no unsatisfied judgments against the Association nor any pending suits in which the Association is a Defendant except as follows:
- F. The Association holds property and liability insurance policies covering the common elements of the Association as required in the by-laws. The precise terms of the policies prevail over any general descriptions of coverage here or elsewhere.
- G. The Association has no knowledge of whether any improvements or alterations made to any lot are in violation of the Association instruments except as follows:
- H. There is no leasehold estate affecting the Association.
- I. The Association has no knowledge of any violation of health or building codes with respect to the lots or limited common elements except as follows:
- J. The information contained in this Certificate of Resale is based on the best knowledge and belief of the preparer as of the date of this document.

Violations: 13538 Lord Sterling Place Upper Marlboro has (check web delivery page) for any open violation(s) with Villages of Marlborough Community Association, Inc.. Please see the attached notice letter with photo.

- Note: All violations must be remedied prior to the transfer of the title of this property. Any violation not cured will be the responsibility of the new owner.

The Association may charge a fee for the Preparation of the Certificate of Resale.

The Association is professionally managed by Blackstone Management, LLC. All checks for Assessments should be made payable to Villages of Marlborough Community Association, Inc. and mailed to:

Villages of Marlborough Community Association, Inc.
c/o Blackstone Management, LLC

2-A Industrial Park Drive Waldorf, MD 20602

(240) 349-2117 info@blackstoneAM.com

Dated: September 13, 2021

Villages of Marlborough Community Association, Inc.

BY: *Forrest Bagganly CMAA, AMS*



2A Industrial Park Drive Waldorf, MD 20602
www.blackstoneAM.com (240) 349-2117

BLACKSTONE MANAGEMENT

Manager – as Agent per management agreement.

Transfer Fee Notice

This notice is to inform you that a transfer fee of \$100.00 will be charged to all accounts for transferring to the new property owner. Please inform your title Company or closing agent to enclose the payment with the Hud1 form or closing statement.

Mail transfer fee of \$100.00 and the needed documentation to the below address:

Blackstone Management, LLC
2-A Industrial Park Drive
Waldorf, MD 20602

Any questions? Please contact:
Blackstone Management
Phone: (240) 349-2117
Web: www.blackstoneAM.com

Re-Sale Package Receipt

I hereby acknowledge that I have received and read the bylaw information for this community. In accordance with Section 11b-106 of the Real Property Article of the Annotated Code of Maryland, as amended, I am providing the following information for Association/Community records to me added to my owner file.

- Name of Association/Community:
- Purchaser's Name(s):

- Seller's Name(s):
- Seller's Forwarding Address:



2A Industrial Park Drive Waldorf, MD 20602
www.blackstoneAM.com (240) 349-2117

BLACKSTONE MANAGEMENT

- Address of Home/Property:
- Name, Address, Phone of Settlement Agent:

Purchaser Signature

Purchaser Signature

Please return this completed form upon settlement to the below address.



2A Industrial Park Drive Waldorf, MD 20602
www.blackstoneAM.com (240) 349-2117

BUSINESSOWNERS



Nationwide®

19800000059038



INSURED COPY

MD 58866





Nationwide®

IMPORTANT NOTICE

Thank you for choosing Nationwide® to help you protect what's important to you. We value your business and want to ensure you have current information about your policy.

What you need to do

Please read this notice carefully. No coverage is provided by this notice nor can it be construed to replace any provision of your policy. You should read your policy and review your declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this notice, the provisions of the policy shall prevail.

You can always count on us to be there

We appreciate your business and look forward to continuing to serve you. If you have any questions, or would like to learn about additional coverage options, please contact your Nationwide agent.

Important Notice Description(s)

COVERAGE CHANGES

Several language updates have been made to your policy. The following sections detail changes that are being made to the Premier Businessowners Property Coverage Form, Liability Coverage Form, and Common Policy Conditions of your policy, as well as Premier Businessowners Optional Coverage forms, State Specific Endorsement forms and Property Deductible that may be written with your policy. These updates are being made to adopt common industry terms and conditions.

Premier Businessowners Property Coverage Form, PB0002:

Broadenings in Coverage

Revised the Property Not Covered section to make an exception for "electronic data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system [A.2.i.].

Increased Equipment Breakdown coverage sublimits from \$50,000 to \$100,000 for Expediting Expenses, Hazardous Expenses, Perishable Goods, and Electronic Data Restoration [A.5.n.3.(a), (b), (c) and (e)].

Revised portions of the Water Exclusion [B.g.(6)] and the Back Up of Sewer or Drain Water Damage Additional Coverage [A.5.r.(2)] to cover water that overflows from an interior plumbing fixture because the water is unable to enter into an attached drain pipe.

Updated Computer Fraud and Funds Transfer additional coverage [A.5.w.(5)] to specify that the False Pretense exclusion [B.2.g.] does not apply, and to permit the insured to select higher limit options [A.5.w.(2)].

Removed the limitations relative to Covered Property under the Personal Property Off-premises coverage extension to now allow coverage for "Computer(s)" and "Electronic data" other than "Stock", as well as tools and equipment of a mobile nature used in your business other than "Stock". [A.6.c.].

Expanded from one year to two years for the time period in which legal action can be brought against us after the date on which direct physical loss or damage occurred [E.4.b.].

In Loss Payment, increased the cost of repair of replacement amount for minor losses covered under the policy from \$2500 to \$5000 after application of the deductible and without deduction for depreciation [E.5.e.].

1980000059047



INSURED COPY

MD 58866

Revised the definition for Specified Cause of Loss to expand coverage with respect to accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of certain off-premises systems due to wear and tear [H.23.(c)].

Coverage Clarifications

Revised Buildings to make it explicit that paved surfaces are covered, but only if coverage is not provided for such structures under the Appurtenant Structures Additional Coverage; and such structures are then described in the Declarations [A.1.a.(7)]. Added language to the Appurtenant Structures Additional Coverage to make it explicit that paved surfaces are covered [A.5.q.].

Deleted reference to limitation in Money and Securities, Outside of the Premises coverage extension [A.5.p.3.(b)] since coverage is already excluded for "money" or "securities" left in an unattended motor vehicle in A.5.p.2.(d).

Removed definition of transit in Personal Property Off-premises additional coverage [A.6.c.].

To clarify the scope of the Electronic Data additional coverage [A.6.l.] removed the reference that the additional coverage did not apply to "stock" of prepackaged software or to 'electronic data' which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

Revised the Dishonesty Exclusion [B.2.f.] to clarify that it excludes dishonest or criminal acts including theft by employees including temporary or leased employees, and that the exclusion applies whether or not the act occurs during the insured's normal hours of operation.

Added ability to schedule a limit for Tenant Improvements and Betterments separate from the limit for Business Personal Property [C.2.].

Reductions in Coverage

Added exclusion to the Money and Securities coverage specifying that we will not pay for loss or damage to money and securities following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the described premises, bank or savings institution, to a person (other than a messenger) outside those premises; or to a place outside those premises [A.5.p.].

Added exclusion to the Computer Fraud and Funds transfer coverage specifying that we will not pay for loss or damages caused by or resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards [A.5.w.].

Removed reference to an electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an employee but which was in fact fraudulently transmitted by someone else without your or the employee's knowledge or consent within the "fraudulent instruction" definition [H.10].

Premier Businessowners Liability Coverage Form, PB0006:

Reductions in Coverage

Added exclusion for Silica, Silica-Related Dust or Talc which was previously provided by endorsement [I.A.2.z.], [I.B.2.x.].

Added exclusion for Access or Disclosure of Confidential or Personal Information and Data-related Liability which was previously provided by endorsement [I.A.2.aa.], [I.B.2.y.].

Added exclusion for Fungi or Bacteria which was previously provided by endorsement [I.A.2.ab. and I.B.2.z.], and added a definition of "Fungi" [V.7.].

Premier Businessowners Common Policy Conditions, PB0009:

Coverage Clarifications

Removed the provision outlining that a refund resulting from a policy cancellation may be calculated at less than pro rata [A.5.].



Revised the cancellation provision to state that refunds will be calculated on a pro rata basis regardless of who initiates the cancellation [A.5.].

Moved the continuation provision from printing in the Declarations to the Premiums section [I.3.].

Premier Businessowners Optional Coverage Forms:

Broadenings in Coverage

PB0801 Barbers and Beauticians Professional Liability - Removed exclusions for Damage to Property and Damage to Your Work [C.1.(b) & (c)].

PB0802 Funeral Directors Professional Liability - Changed title to "Funeral Home Extra Endorsement". Increased theft limits under the Property Coverage Form to \$10,000 for furs, fur garments and garments trimmed with fur, jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals [A]. Removed exclusions from the Liability Coverage Form for Damage to Property and Damage to Your Work [B.3.a.].

PB0803 Optical and Hearing Aid Establishments Professional Liability - Removed exclusions for Damage to Property and Damage to Your Work [C.(1)(a) & (b)].

PB0804 Printers Errors and Omissions Liability - Changed title to "Printers Extra Endorsement". Amended the Property Coverage Form to remove the \$2500 loss limitation for Theft of Patterns, Dies, Molds and Forms and made the coverage subject to the Business Personal Property Limit [A.1.]. Amended the Property Coverage Form to add a new coverage extension, with a \$25,000 limit, for Cost of Research, Replace or Restore Lost Information [A.2.]. Limited the application of the exclusion in the Property Coverage Form for marring or scratching of printing plates which are the property of others and in your care, custody or control [A.3.]. Amended the Liability Coverage Form so that the Expected or Intended Exclusion under A. Coverage A - Bodily Injury and Property Damage Liability does not apply to negligent acts, errors or omissions in providing printing services, advice or instructions. Added new coverage for Correction of Work by amending the Liability Coverage Form so that the exclusions k., l., and m. of Section I. Coverages A. Coverage A - Bodily Injury and Property Damage Liability do not apply, but subjected the new coverage to certain limitations and exclusions.

PB2002 Food Service Plus Endorsement - Added coverage for Brands and Labels [B.1.f.].

PB2098 Businessowners Advantage with Limited Employee Dishonesty Coverage - Amended Section C. CONCEALMENT, MISREPRESENTATION OR FRAUD of the COMMON POLICY CONDITIONS by not disallowing coverage if you unintentionally fail to disclose any hazards existing at the inception date of your policy[C.].

PB2099 Businessowners Advantage - Amended Section C. CONCEALMENT, MISREPRESENTATION OR FRAUD of the COMMON POLICY CONDITIONS by not disallowing coverage if you unintentionally fail to disclose any hazards existing at the inception date of your policy [C.].

PB4100 Directors and Officers Liability (Cooperatives or Condominiums) - Broadened the definition of "wrongful act" to include any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by an "insured" in their insured position or capacity for the "association", or any matter claimed against them solely by reason of their serving in such insured position or capacity.

PB4151 Directors and Officers Liability (Cooperatives or Condominiums) with Non-Monetary Relief - Broadened the definition of "wrongful act" to include any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by an "insured" in their insured position or capacity for the "association", or any matter claimed against them solely by reason of their serving in such insured position or capacity.

PB5403 Replacement Cost Extension - Changed the replacement cost coverage from 120% to 125% of the stated building values under the Property Coverage Form [A].

PB5800 Scheduled Property Floater - Removed exclusion for loss or damage resulting from mechanical breakdown or failure [E.2.d.].

Coverage Clarifications

PB0801 Barbers and Beauticians Professional Liability - Modified exclusion for dying eyebrows and eyelashes by removing outdated exception for Roux Lash and Brow Tint, Spiro's Coloura [D.5].

PB0804 Printers Errors and Omissions Liability - Changed title to "Printers Extra Endorsement". Clarified that the Expected or Intended Injury Exclusion under A. Coverage A - Bodily Injury and Property Damage Liability of the Liability Coverage form still excludes criminal acts of an insured arising out of any

1980000059056



INSURED COPY

MD 58866

negligent act, error or omission in providing printing services. Replaced references to "occurrence" and "occurrences" with 'loss' and 'losses during the applicable policy period' respectively.

PB2098 Businessowners Advantage with Limited Employee Dishonesty Coverage - Clarified who must notify us in the event of an "occurrence", offense, claim, or "suit" as required under SECTION IV, LIABILITY CONDITIONS, 2. Duties In The Event of Occurrence, Offense, Claim or Suit of the Liability Coverage Form.

PB2099 Businessowners Advantage - Clarified who must notify us in the event of an "occurrence", offense, claim, or "suit" as required under SECTION IV, LIABILITY CONDITIONS, 2. Duties In The Event of Occurrence, Offense, Claim or Suit of the Liability Coverage Form.

MC2444A - Form number FORMI has been converted to this form.

PB0008 - Form number LI0021 has been converted to this form.

PB0447 Additional Insured-Vendors - Removed the reference to your products within the schedule to clarify that the schedule is for name of your vendor.

PB4100 Directors and Officers Liability (Cooperatives or Condominiums) - Clarified that a wrongful act committed by any insured shall not be imputed to any other insured for purposes of applying the exclusions [A.4.]. Added definition for 'association', and "interrelated wrongful act" [D.].

PB4151 Directors and Officers Liability (Cooperatives or Condominiums) with Non-Monetary Relief - Clarified that a wrongful act committed by any insured shall not be imputed to any other insured for purposes of applying the exclusions [A.4.]. Added definitions for 'association' and "interrelated wrongful act" [D.].

PB6200 Exclusion Delivery Using Non-Owned Autos - Removed redundant "Revised Definition" of "non-owned auto" [B.], thereby relying on the definition set forth in PB0404.

NIL7000 - Form numbers PB2500 and PB2516 have been converted to this form. Added reference to Building level coverage.

NIL7002 - Form number PB2997 has been converted to this form.



Reductions in Coverage

PB1478 Exclusion Of Loss Due To By-Products Of Production Or Processing Operations (Rental Properties) - New exclusion which excludes loss or damage to the described premises, caused by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at rental unit(s) regardless of whether such operations are legally permitted or prohibited; permitted or prohibited under the terms of the lease; or usual to the intended occupancy of described premises. Further, if such loss or damage results in Business Income loss or Extra Expense, there is no coverage for such loss or expense.

PB0456 Utility Services Additional Coverage (Including Business Income) - Clarified the applicable ordinary payroll limit by adding an ordinary payroll provision to limit payment to the number of days shown in the Declarations [A].

PB1486 Communicable Disease Exclusion - This form is being changed from optional to mandatory use. When added to a policy, insurance does not apply to "bodily injury" or "property damage" or "personal and advertising injury" arising out of the actual or alleged transmission of a communicable disease.

PB2002 Food Service Plus Endorsement - Added exclusions for Earth Movement, Governmental Action, Nuclear Hazard, War and Military Action, and Water to the exclusions for Spoilage from Power Outage [B.1.e.(3)(e) through (i)].

PB4100 Directors and Officers Liability (Cooperatives or Condominiums) - Revised the Insuring Agreement to include provision outlining that all claims by one or more claimants for damages based on or arising out of one wrongful act or an interrelated wrongful act by one or more insureds shall be deemed to be one claim and to have been made at the time the first of those claims is made against any insured [A.1.d.]. Added exclusion for claims arising out of any demand, suit or other proceeding against any insured which was pending on or existed prior to the applicable Pending or Prior Litigation Date shown in the Schedule, or arising out of the same or substantially the same facts, circumstances or allegations which are the subject of, or the basis for such demand, suit or other proceeding [A.4.p.]. Added exclusion for claims for liability under or breach of any oral, written or implied contract or agreement, or for liability of others assumed by the "association" under any such contract or agreement, except if the "association" would have been liable in the absence of such contract or agreement [A.4.q.]. Added exclusion for claims brought by or on behalf of the association or any insured, in any capacity,

except a claim that is a derivative action brought on behalf of the association by one or more unit-owners who are not insureds and who bring the claim without the solicitation, assistance or participation of any insured or the association [A.4.r.]. Added exclusion for claims arising out of "wrongful acts" in the selection or direct or indirect supervision of any contractor or subcontractor liable or alleged to be liable for any defect in construction at any premises insured under this policy [A.4.s.].

PB4151 Directors and Officers Liability (Cooperatives or Condominiums) with Non-Monetary Relief - Revised the Insuring Agreement to include provision outlining that all claims by one or more claimants for damages based on or arising out of one wrongful act or an interrelated wrongful act by one or more insureds shall be deemed to be one claim and to have been made at the time the first of those claims is made against any insured [A.1.d.]. Added exclusion for claims arising out of any demand, suit or other proceeding against any insured which was pending on or existed prior to the applicable Pending or Prior Litigation Date shown in the Schedule, or arising out of the same or substantially the same facts, circumstances or allegations which are the subject of, or the basis for such demand, suit or other proceeding [A.4.o.]. Added exclusion for claims for liability under or breach of any oral, written or implied contract or agreement, or for liability of others assumed by the "association" under any such contract or agreement, except if the "association" would have been liable in the absence of such contract or agreement [A.4.p.]. Added exclusion for claims brought by or on behalf of the association or any insured, in any capacity, except a claim that is a derivative action brought on behalf of the association by one or more unit-owners who are not insureds and who bring the claim without the solicitation, assistance or participation of any insured or the association [A.4.q.]. Added exclusion for claims arising out of "wrongful acts" in the selection or direct or indirect supervision of any contractor or subcontractor liable or alleged to be liable for any defect in construction at any premises insured under this policy [A.4.r.].

Premier Businessowners State Specific Endorsements:

Broadenings in Coverage

PB4112 Directors and Officers Liability - Illinois (Cooperatives or Condominiums) with Non-Monetary Relief - Broadened the definition of "wrongful act" to include any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by an "insured" in their insured position or capacity for the "association", or any matter claimed against them solely by reason of their serving in such insured position or capacity; and, with respect to the 'association', any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by the 'association'.

PB4142 Directors and Officers Liability - Texas - Broadened the definition of "wrongful act" to include any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by an "insured" in their insured position or capacity for the "association", or any matter claimed against them solely by reason of their serving in such insured position or capacity; and, with respect to the 'association', any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by the 'association'.

PB4153 Directors and Officers Liability - Texas (Cooperatives or Condominiums) with Non-Monetary Relief - Broadened the definition of "wrongful act" to include any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by an "insured" in their insured position or capacity for the "association", or any matter claimed against them solely by reason of their serving in such insured position or capacity; and, with respect to the 'association', any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by the 'association'.

PB9003 Arkansas Amendatory Endorsement - Amended Paragraph E.4.b. of the Legal Action Against Us Property Loss Condition of the Property Coverage Form to allow for an action to be brought within five years after the date on which the direct physical loss or damage occurred to comply with Arkansas' requirement.

PB9012 Illinois Amendatory Endorsement - Added "temporary worker" to the Who Is An Insured provision for the Optometrist Professional Liability coverage, provided the "temporary worker" is appropriately licensed, and only with respect to services the "temporary worker" provides in connection with your business [L.].

PB9021 Michigan Amendatory Endorsement - Added paragraph to the Legal Action Against Us provision within the Property Loss Conditions clarifying that the time for commencing an action against us is tolled from the time you notify us of the loss or damage until we formally deny liability for the claim [B.3.].

PB9022 Minnesota Amendatory Endorsement - Added paragraph applicable to Ordinance or Law coverage outlining that any valuation provision (including Replacement Cost) or loss payment condition

19800000059065



INSURED COPY

MD 58866

which excludes the increased cost attributable to an ordinance or law is hereby revised to include such cost to the extent that coverage is provided under this endorsement. But in no event will the amount payable be more than the applicable Limit of Insurance [F.3.a.(2)(b)(iv)]. Added Special Limits of Insurance for: used or second-hand merchandise held in storage or for sale; property of others; household contents except personal property in apartments or rooms furnished by you as landlord; and, manuscripts, works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac [F.10.j.(2)] Removed exception for court costs taxed against the insured that wouldn't include attorneys' fees or expenses within the Supplementary Payments Coverages provision [G.2.].

Coverage Clarifications

PB4112 Directors and Officers Liability - Illinois (Cooperatives or Condominiums) with Non-Monetary Relief - Clarified that a wrongful act committed by any insured shall not be imputed to any other insured for purposes of applying the exclusions [A.4.]. Added definitions for 'association', "interrelated wrongful act", and removed the definition of a "wrongful employment practices act" [D.].

PB4142 Directors and Officers Liability - Texas - Clarified that a wrongful act committed by any insured shall not be imputed to any other insured for purposes of applying the exclusions [A.4.]. Added definitions for 'association', "interrelated wrongful act", and removed the definition of a "wrongful employment practices act" [D.].

PB4153 Directors and Officers Liability - Texas (Cooperatives or Condominiums) with Non-Monetary Relief - Clarified that a wrongful act committed by any insured shall not be imputed to any other insured for purposes of applying the exclusions [A.4.]. Added definitions for 'association', "interrelated wrongful act", , removed the definition of a "wrongful employment practices act", and introduced a definition of "suit" specific to this endorsement [D.].

PB9022 Minnesota Amendatory Endorsement - Clarified notification procedures for when there is a cancellation of Liquor Liability coverage [A.5.]. Added paragraph to the Duties In The Event Of Loss Or Damage provision within the Property Loss Conditions stating the requirement to notify us can be satisfied by notifying your insurance agent, and that notice can be by any means of communication [F.5.a.]. Added paragraph to the Loss Payment provision of the Property Loss Condition stating that we will not pay more for loss or damage to Business Personal Property on a replacement cost basis than the least of the Limit of Insurance applicable to the lost or damaged property, applicable Special Limits of Insurance, the cost to replace, on the same premises, the lost or damaged property with other property of comparable material and quality and used for the same purpose; or the amount you actually spend that is necessary to repair or replace the lost or damaged property [F.10.j.(1)]. Added paragraph to the Duties in the Event of Occurrence, Offense, Claim or Suit within the Liability Conditions stating that the requirement to notify us can be satisfied by notifying our agent, and that notice can be by any means of communication [G.3.e.].

PB9038 Rhode Island Amendatory Endorsement - Revised the meaning of the word 'spouse' as used in the Liability Coverage Form to include a party to a civil union recognized under Rhode Island law [E.1.]. PB9040 South Dakota Amendatory Endorsement - Added paragraph to the Valued Policy Provision stating that property in the process of being newly constructed, for the purpose of serving as a residence, shall be valued and settled according to the terms and conditions of the policy for valuation of that portion of the construction completed at the time of the fire, tornado or lightning loss [C.4.j.(3)].

Reductions in Coverage

PB1050 Mine Subsidence - Illinois - The Property Not Covered provision was revised to state that covered property does not include with respect to a "residence" only, living units, meaning that physical portion designated for separate ownership or occupancy for residential purposes, of a building or group of buildings, permanently affixed to realty in Illinois, having elements which are owned or used in common, including a condominium unit, a cooperative unit or any other similar unit.

PB4112 Directors and Officers Liability - Illinois (Cooperatives or Condominiums) with Non-Monetary Relief - Revised the Insuring Agreement to include provision outlining that all damages based on or arising out of one wrongful act or an interrelated wrongful act by one or more insureds shall be deemed to be one claim and to have been made at the time the first of those claims is made against any insured [A.1.d.]. Added exclusion for claims arising out of any demand, suit or other proceeding against any insured which was pending on or existed prior to the applicable Pending or Prior Litigation Date shown in the Schedule, or arising out of the same or substantially the same facts, circumstances or allegations which are the subject of, or the basis for such demand, suit or other proceeding [A.4.n.]. Added exclusion for claims for liability under or breach of any oral, written or implied contract or agreement, or for liability



of others assumed by the "association" under any such contract or agreement, except if the "association" would have been liable in the absence of such contract or agreement [A.4.o.]. Added exclusion for claims brought by or on behalf of the association or any insured, in any capacity, except a claim that is a derivative action brought on behalf of the association by one or more unit-owners who are not insureds and who bring the claim without the solicitation, assistance or participation of any insured or the association [A.4.p.]. Added exclusion for claims arising out of "wrongful acts" in the selection or direct or indirect supervision of any contractor or subcontractor liable or alleged to be liable for any defect in construction at any premises insured under this policy [A.4.q.].

PB4142 Directors and Officers Liability - Texas - Revised the Insuring Agreement to include provision outlining that all claims by one or more claimants for damages based on or arising out of one wrongful act or an interrelated wrongful act by one or more insureds shall be deemed to be one claim and to have been made at the time the first of those claims is made against any insured [A.1.c.]. Added exclusion for claims arising out of any demand, suit or other proceeding against any insured which was pending on or existed prior to the applicable Pending or Prior Litigation Date shown in the Schedule, or arising out of the same or substantially the same facts, circumstances or allegations which are the subject of, or the basis for such demand, suit or other proceeding [A.4.k.]. Added exclusion for claims for liability under or breach of any oral, written or implied contract or agreement, or for liability of others assumed by the "association" under any such contract or agreement, except if the "association" would have been liable in the absence of such contract or agreement [A.4.l.]. Added exclusion for claims brought by or on behalf of the association or any insured, in any capacity, except a claim that is a derivative action brought on behalf of the association by one or more unit-owners who are not insureds and who bring the claim without the solicitation, assistance or participation of any insured or the association [A.4.m.]. Added exclusion for claims arising out of "wrongful acts" in the selection or direct or indirect supervision of any contractor or subcontractor liable or alleged to be liable for any defect in construction at any premises insured under this policy [A.4.q.].

PB4153 Directors and Officers Liability - Texas (Cooperatives or Condominiums) with Non-Monetary Relief - Revised the Insuring Agreement to include provision outlining that all damages based on or arising out of one wrongful act or an interrelated wrongful act by one or more insureds shall be deemed to be one claim and to have been made at the time the first of those claims is made against any insured [A.1.c.]. Added exclusion for claims arising out of any demand, suit or other proceeding against any insured which was pending on or existed prior to the applicable Pending or Prior Litigation Date shown in the Schedule, or arising out of the same or substantially the same facts, circumstances or allegations which are the subject of, or the basis for such demand, suit or other proceeding [A.4.k.]. Added exclusion for claims for liability under or breach of any oral, written or implied contract or agreement, or for liability of others assumed by the "association" under any such contract or agreement, except if the "association" would have been liable in the absence of such contract or agreement [A.4.l.]. Added exclusion for claims brought by or on behalf of the association or any insured, in any capacity, except a claim that is a derivative action brought on behalf of the association by one or more unit-owners who are not insureds and who bring the claim without the solicitation, assistance or participation of any insured or the association [A.4.m.]. Added exclusion for claims arising out of "wrongful acts" in the selection or direct or indirect supervision of any contractor or subcontractor liable or alleged to be liable for any defect in construction at any premises insured under this policy [A.4.o.].

PB9012 Illinois Amendatory Endorsement - Removed "volunteer worker" from the Who Is An Insured provision for the Optometrist Professional Liability coverage [L.].

Premier Businessowners Property Deductible:

Reductions in Coverage

If your policy contains a \$250 property deductible that is applied to certain locations, this has been increased to an amount of \$500.

NI 90 15 03 20

19800000059074



INSURED COPY

MD 58866





IMPORTANT NOTICE

NOTICE OF TERRORISM INSURANCE COVERAGE

NOTICE - DISCLOSURE OF PREMIUM

Applies to all Commercial Policies, except for Farmowners Multiperil, Business Auto and Crime

(This disclosure notice does not provide coverage, and it does not replace any provisions of your policy. You should read your policy for complete information on the coverages you are provided. If there is any conflict between the policy and this notice, the provisions of the policy shall prevail.)

Coverage for acts of terrorism is included in your policy. You are hereby notified that the Terrorism Risk Insurance Act, as amended in 2019, defines an act of terrorism in Section 102(1) of the Act: The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

Other than for Workers Compensation, the portion of your annual premium that is attributable to coverage for acts of terrorism is \$0 and does not include any charges for that portion of losses covered by the United States Government under the Act.

For Workers Compensation, the portion of your annual premium that is attributable to coverage for acts of terrorism is shown on your declarations page and does not include any charges for the portion of losses covered by the United States government under the Act.

We appreciate your business and look forward to continuing to serve you. If you have any questions, or would like to learn about additional coverage options, please contact your Nationwide agent.

NI 00 62 01 21

19800000059083



INSURED COPY

MD 58866





Nationwide®

IMPORTANT NOTICE

Flood Insurance Notice

Thank you for choosing Nationwide® to help you protect what's important to you. We value your business and want to ensure you have current information about your policy.

What you need to know

Your policy does not cover damage from floods to any property resulting directly or indirectly from "water".

Excluded "water" losses include, but are not limited to those caused by:

- Flood
- Surface water
- Waves
- Tides
- Tidal waves
- Overflow of any body of water, or their spray, all whether driven by wind or not.

These types of loss or damage caused by "water" are excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. You'll need to read your policy for all of the details about excluded water losses. This is just a summary of the excluded water losses to highlight some important flood-related issues.

Additional information

In most communities you can obtain flood insurance policies backed by the federal government's National Flood Insurance Program, through your agent. In those qualifying communities, you can obtain flood insurance protection for your property regardless of your flood zone or flood risk.

Your agent can assist you in:

- Determining if your community participates in the National Flood Insurance Program
- Assessing your flood risk
- Understanding flood policy availability

To learn more about flood insurance and your risk of flooding, access the National Flood Insurance Program's consumer website at www.FloodSmart.gov.

As you consider the risk of flooding in your area and consider your options for obtaining valuable protection, consider that:

- All property is in a flood zone, regardless of whether an area has been defined as high risk or low risk.
- Nearly 25% of all flood claims are for properties located in lower-risk flood areas or locations where flooding is not expected.
- Floods can happen anywhere, at any time, causing anguish, destruction, and financial damage.
- Changing weather patterns, as well as residential and business development, may increase your chance of experiencing a flood.
- Flooding can occur as a result of clogged, overloaded, or inadequate storm drains. You don't have to live near a body of water to be flooded.
- Federal disaster assistance is often a loan and must be repaid with interest.

Ask your agent about obtaining flood insurance for your property today.

NI 00 18 01 17

19800000059092



INSURED COPY

MD 58866





Nationwide®

IMPORTANT NOTICE

Employment Practices Liability Services

As a member of Nationwide Insurance who has an active Employment Practices Liability Insurance policy you have access to a free loss prevention website and a free legal hotline to help your business reduce and/or prevent employment claims.

Online Support:

The website "Workplace Risk Solutions" is designed to help educate you about employment practices laws, help you understand the employment practices exposures your business may have, and provide ways that you can reduce your risk of having an employment claim.

Key features of the website include:

- Training - Web based training on: sexual harassment, preventing discrimination, and preventing wrongful termination and retaliation.
- Knowledge Vault -
 - Checklists to help guide your business through certain situations it may encounter such as crisis management.
 - A library of workplace-related articles.
 - Tools to help you create documents such as an employment application, employee handbook, policy guides in English and Spanish, performance review, and an incident form.
 - Best Practice Minutes and Tips offers steps to limit the risk for a variety of workplace employment liability issues.

To access the website:

- Select a site administrator.
We recommend that all managers and supervisors handling EPLI register to use this site. Ideally one employee should register as the site administrator, then register additional users.
- Go to: <http://www.wprsolutions.com>
- Click Register Here in the Member Login box on the left hand side of the page.
- Enter the passcode: NI-HRhelp
- Complete the registration form.
- Training Notice Screen - We suggest turning off all questions on the Training Notice screen (click No). The system automatically assigns all training modules to every user with a site profile if you do not click no on the Training Notice screen.
- You can now login to the portal.

Questions on the website? Call a Customer Service Representative at 888-712-7667.

Legal Hotline:

The Jackson Lewis legal hotline provides you with employment practices legal advice from Jackson Lewis, LLP, one of the nation's largest and most respected employment law firms. The legal hotline can answer questions regarding employee family medical leave, attendance issues, the steps to take when investigating harassment reports or terminating employees, as well as answering a host of other employment-related questions.

Questions for the Jackson Lewis legal hotline? Call (800)-259-5589 Monday through Friday from 9:00 am to 6:00 pm Central Standard Time.

NI 00 73 01 17

19800000059101



INSURED COPY

MD 58866





Nationwide®

IMPORTANT NOTICE

Information for Insureds Who Have Tenants

Thank you for choosing Nationwide® to help you protect what's important to you. We value your business and want to ensure you have current information about your policy.

What's "subrogation"

Subrogation is the ability to recover damages from a responsible party. The subrogation clause in your insurance contract permits us to pursue recovery against those parties responsible for losses under your policy. Subrogation plays an important role in the claims settlement process when a loss occurs.

What you need to know

The "Anti-Subrogation Rule/Implied Co-Insured Doctrine" may limit subrogation on your policy by preventing landlords and their insurance companies from recovering damages caused by tenants. These damages may include:

- The property deductible you pay
- Uninsured or partially covered losses
- Losses that occur as a result of tenants' negligence

If this doctrine is applied where your buildings are located, you may be unable to seek repayment from your tenants if they negligently cause a fire in your building. To prevent this from occurring, additional provisions may be needed in your lease agreements to clarify who is responsible for damages when property damage or injury is caused by a tenant's negligence.

What you need to do

This information is not intended to be legal advice and is provided for informational purposes only. We recommend that you contact an attorney for more guidance on the "Anti-Subrogation Rule/Implied Co-Insured Doctrine" and how it affects the lease agreement between you and your tenants.

Please read this notice carefully. No coverage is provided by this notice nor can it be construed to replace any provision of your policy. You should read your policy and review your declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this notice, the provisions of the policy shall prevail.

You can always count on us to be there

We appreciate your business and look forward to continuing to serve you. If you have any questions, or would like to learn about additional coverage options, please contact your Nationwide agent.

NI 90 09 01 17

19800000059110



INSURED COPY

MD 58866





Nationwide®

IMPORTANT NOTICE

Thank you for choosing Nationwide® to help you protect what's important to you. We value your business and want to ensure you have current information about your policy.

What you need to do

Please read this notice carefully. No coverage is provided by this notice nor can it be construed to replace any provision of your policy. You should read your policy and review your declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this notice, the provisions of the policy shall prevail.

You can always count on us to be there

We appreciate your business and look forward to continuing to serve you. If you have any questions, or would like to learn about additional coverage options, please contact your Nationwide agent.

Important Notice Description(s)

Important Notice to Maryland Policyholders

Your claims history is a consideration in the continued eligibility and pricing of your commercial insurance and could be the basis for our decision to cancel or non-renew. We offer resources to help you maintain the safest workplace possible for your employees and customers. If you would like to learn more about our Loss Control services and resources, please contact your agent.

NI 00 26 01 17

Data Breach & Identity Recovery Services

Through a partnership with Hartford Steam Boiler, you have access to a data breach risk management portal called the eRisk Hub. The portal is designed to help you understand data information exposures, help you plan and be prepared for a data breach, and establish a response plan to manage the costs and minimize the effects of a data breach.

Key features of the portal include:

- **Incident Response Plan Roadmap** – Suggested steps your business can take following data breach incident; having an incident response plan prepared in advance of a breach can be useful for defense of potential litigation
- **Online Training Modules** – Ready-to-use training for your business on privacy best practices and Red Flag Rules
- **Risk Management Tools** – Assist your business in managing data breach exposures including self-assessments and state breach notification laws
- **eRisk Resources** – A directory to quickly find external resources on pre and post-breach disciplines
- **News Center** – Cyber risk stories, security and compliance blogs, security news, risk management events, and helpful industry links
- **Learning Center** – Best practices and white papers written by leading authorities

To access the eRisk Hub portal:

- Enter <https://www.eriskhub.com/nationwide.php> in your browser
- Complete the information, including your name and company; your User ID and Password are case-sensitive
- Enter your assigned access code: **12116-73**
- Enter the challenge word on the screen, and click "Submit" and follow the instructions to complete your profile setup

19800000059126



INSURED COPY

MD 58866

- You can now login to the portal

You also have access to a help-line to answer breach related questions. Insureds having questions pertaining to how to prepare for a breach, help in identifying a breach, or other questions pertaining to breach related best practices can call our breach preparedness help-line. Experienced professionals are able to provide insights to help insureds understand the complicated environment pertaining to breaches of personal information. The breach preparedness help-line is 877-800-5028.

In addition, you have the ability to purchase Data Compromise Insurance coverage and CyberOne Insurance coverage.

The Data Compromise coverage covers the costs incurred by an insured to respond to a data breach, including expenses related to forensic information technology review, legal review, notification to affected individuals, services to affected individuals, public relations services. Insureds will also have the ability to include Data Compromise Defense and Liability coverage which covers the liability from a suit brought by an individual affected by the data breach.

CyberOne coverage protects businesses against damage to electronic data and computer systems from a virus or other computer attack. It also protects a business's liability to third parties that may have suffered damage due to security weaknesses in the business's computer system.

Identity Recovery Services Information:

Through a partnership Hartford Steam Boiler, you will have access to a Toll-Free Identity Recovery Help Line designed to provide education about identity theft and identity theft risks. The toll-free Help Line is staffed by experienced identity theft counsellors who can answer questions and provide useful information and resources to identity theft victims. The Identity Recovery Help Line number is 877-800-5028.

In addition, you have the ability to buy Identity Recovery insurance coverage as an included element of Data Compromise coverage or separately, on its own. The Identity Recovery coverage insures against the theft of identities of the insured's key owners, officers, and resident family members. The coverage provides the services of an identity theft case manager and pays for various out-of-pocket expenses due to a covered identity theft, including:

- Legal fees for answer of civil judgments and defense of criminal charges
- Phone, postage, shipping fees
- Notary and filing fees
- Credit bureau reports
- Lost Wages and Child or Elder Care
- Mental Health Counseling costs (Not Available in NY)
- Miscellaneous Expense coverage

NI 00 35 01 17

CONSUMER REPORT INQUIRY NOTICE

Consumer reports, including credit history may have been ordered from a consumer reporting agency to underwrite and/or rate your insurance policy. You have the right to access this information and request correction of any inaccuracies. Your consumer reports, including your credit history are not affected in any way by our inquiry.

We are committed to respecting your privacy and safeguarding your personal information.

NI 00 75 01 17



Nationwide®

NATIONWIDE ASSURANCE
ONE NATIONWIDE PLAZA
COLUMBUS, OH 43215-2220
1-877 On Your Side
1 (877) 669-6877

RENEWAL

PREMIER BUSINESSOWNERS POLICY

HABITATIONAL

COMMON DECLARATIONS

Policy Number: ACP BP013057488839
Named Insured: VILLAGES OF MARLBOROUGH
Mailing Address: 2 INDUSTRIAL PARK DR STE A
WALDORF, MD 20602-2729
Agency: TOMASKO ENTERPRISES INC
Address: PO BOX 1009
WALDORF, MD 20604
Agency Phone Number: (301) 843-0700
Policy Period: Effective From 05-01-2021 To
05-01-2022
12:01 AM Standard Time at your
principal place of business



Premiums/Fees

Total Annual Premium	\$8,902.00
Total Policy Premium	\$8,902.00

1980000059135



Form of your business entity: Corporation

IN RETURN FOR THE PAYMENT OF THE PREMIUM AND SUBJECT TO ALL THE TERMS OF THIS POLICY,
WE AGREE TO PROVIDE THE INSURANCE STATED IN THIS POLICY.

These Common Policy Declarations, together with the Common Policy Conditions, Coverage Form Declarations,
Coverage Forms and any endorsements issued to form a part thereof, complete the Policy numbered above.

INSURED COPY

MD 58866



Nationwide®

PREMIER BUSINESSOWNERS POLICY

HABITATIONAL

COMMON DECLARATIONS

Policy Number: ACP BP013057488839

Policy Period: From 05-01-2021 To 05-01-2022

SCHEDULE OF NAMED INSUREDS

Named Insured:

VILLAGES OF MARLBOROUGH





PREMIER BUSINESSOWNERS POLICY

HABITATIONAL

PROPERTY DECLARATIONS

Nationwide®

Policy Number: ACP BP013057488839

Policy Period: From 05-01-2021 To 05-01-2022

Premises: 001 / Building: 001

Premises Address: 4700 JOHN ROGERS BLVD
UPPER MARLBORO, MD
20772-6001

Classification: Homeowners Associations

Construction Type: Non-Combustible

Occupancy Type: Building Owner - Lessors risk

WE PROVIDE INSURANCE ONLY FOR THOSE COVERAGES INDICATED BY A LIMIT OR BY "INCLUDED".
Property Coverage is subject to a **\$1,000 Deductible**, unless otherwise stated.

Coverages	Deductible	Limit
Building	\$1,000	\$110,500
Replacement Cost Extension		
Business Personal Property		Not Provided
Additional Coverages - The Coverage Form includes other Additional Coverages not shown		
Business Income		Included
Actual Loss Sustained		12 Months
Waiting Period		0 Hours
Ordinary Payroll		60 Days
Extended Period Of Indemnity		60 Days
Extra Expense		Included
Actual Loss Sustained		12 Months
Waiting Period		0 Hours
Equipment Breakdown	No Separate Deductible	Included
Building Automatic Increase Percentage		7%
Business Personal Property Automatic Increase Percentage		Not Provided
Back Up Of Sewer And Drain Water		
Per Building Limit		\$5,000
Back Up Aggregate Limit		\$25,000
Appurtenant Structures - 10% of Building Limit of Insurance - Maximum \$50,000 any one structure		Included

19800000059144



INSURED COPY

MD 58866



Nationwide®

PREMIER BUSINESSOWNERS POLICY
HABITATIONAL
PROPERTY DECLARATIONS

Policy Number: ACP BP013057488839

Policy Period: From 05-01-2021 To 05-01-2022

Premises: 001 / Building: 001

Coverages

Deductible

Limit

Optional Coverages - Other frequently purchased coverage options

Employee Dishonesty Per Occurrence		\$500,000
Ordinance Or Law Coverage		
Loss To The Undamaged Portion Of The Building (Coverage Equal To Building Limit)		Not Provided
Demolition Cost And Broadened Increased Costs Of Construction		Not Provided
Ordinance Or Law Broadened Coverage		Not Provided
Businessowners ADVANTAGE		
Blanket Additional Limit		\$100,000
Does Not Include Employee Dishonesty		



Optional Increased Limits

Included Limit

Additional Limit

Total Limit

Accounts Receivable	\$25,000		\$25,000
Valuable Papers and Records (At the Described Premises)	\$25,000		\$25,000
Forgery Or Alteration	\$10,000		\$10,000
Money And Securities			
Inside the Premises	\$10,000		\$10,000
Outside the Premises (Limited)	\$10,000		\$10,000
Outdoor Signs	\$2,500		\$2,500
Outdoor Trees, Shrubs, Plants And Lawns	\$10,000		\$10,000
Business Personal Property Off Premises			
Property Away From Premises	\$15,000		\$15,000
Property Away From Premises - Transit	\$15,000		\$15,000
Electronic Data	\$10,000		\$10,000
Interruption Of Computer Operations	\$10,000		\$10,000



PREMIER BUSINESSOWNERS POLICY
HABITATIONAL
PROPERTY DECLARATIONS

Nationwide®

Policy Number: ACP BP013057488839

Policy Period: From 05-01-2021 To 05-01-2022

Premises: 001 / Building: 001

Optional Increased Limits	Included Limit	Additional Limit	Total Limit
Computer Fraud And Funds Transfer	\$10,000		\$10,000

PROTECTIVE SAFEGUARDS

Based on information you and/or your agent provided, this premises has Protective Safeguards as identified below. A Protective Safeguards endorsement will be added to your policy based on this information, and you risk the loss of insurance if you fail to maintain, or knew or should have known of any suspension or impairment of any Protective Safeguard(s) identified below. Note that Protective Safeguard(s) must be: in place, operational, and maintained in good working order and you must notify us immediately (at Commercial Lines Service Center by calling (866) 322-3214) in the event of any known or planned disablement of any Protective Safeguard(s).

APPLICABLE PROTECTIVE SAFEGUARDS: NOT APPLICABLE

19800000059153



INSURED COPY

MID 58866



Nationwide®

PREMIER BUSINESSOWNERS POLICY

HABITATIONAL

LIABILITY DECLARATIONS

Policy Number: ACP BP013057488839

Policy Period: From 05-01-2021 To 05-01-2022

Limits Of Insurance

		Limit
Each Occurrence Limit of Insurance	Per Occurrence	\$1,000,000
Medical Payments Sub Limit	Per Person	\$5,000
Tenants Property Damage Legal Liability Sublimit	Per Covered Loss	\$300,000
Personal And Advertising Injury	Per Person Or Organization	\$1,000,000
Products-Completed Operations Aggregate Limit	All Occurrences	\$2,000,000
General Aggregate (Other Than Products-Completed Operations)	All Occurrences	\$2,000,000

Automatic Additional Insureds Status

The following persons or organizations are automatically insureds when you and they have agreed in a written contract or agreement that such person or organization be added as an additional insured on your policy.



- Co-Owners of Insured Premises
- Controlling Interest
- Grantor of Franchise or License
- Lessors of Leased Equipment
- Managers or Lessors of Leased Premises
- Mortgagee, Assignee or Receiver
- Owners or Other Interest from Whom Land has been Leased
- State or Political Subdivisions - Permits Relating to Premises

Liability Deductible

Deductible

None

Optional Coverages

Limit

Hired Auto Liability		Included
Non-Owned Auto Liability		Included
Directors & Officers With Non-Monetary Relief	Per Wrongful Act	\$1,000,000
	Aggregate Limit	\$1,000,000
Retroactive Date	01-02-2016	



Nationwide®

PREMIER BUSINESSOWNERS POLICY

HABITATIONAL

LIABILITY DECLARATIONS

Policy Number: ACP BP013057488839

Policy Period: From 05-01-2021 To 05-01-2022

Optional Coverages	Limit
Employment Practices Liability Insurance	
Each Claim & Aggregate Limits - Damages and Defense Expense	\$50,000
Deductible Amount	\$2,500
Retroactive Date	05-01-2016
Data Compromise Coverage	
Response Expense Limit	\$1,000 Deductible \$50,000
Named Malware Sublimit (Sec. 1)	\$50,000
Forensic IT Review Sublimit	\$5,000
Legal Review Sublimit	\$5,000
PR Services Sublimit	\$5,000
Defense and Liability Limit	\$1,000 Deductible \$50,000
Named Malware Sublimit (Sec. 2)	\$50,000
Identity Recovery Coverage	
Expense Reimbursement Limit	\$25,000
Lost Wages/Child Elder Sublimit	\$5,000
Mental Health Expense Sublimit	\$1,000
Miscellaneous Expense Sublimit	\$1,000
CyberOne Coverage	
Computer Attack Limit	Annual Aggregate \$50,000
Deductible	\$5,000
Data Re-Creation Sublimit	Excluded
Loss of Business Sublimit	Excluded
Public Relations Sublimit	Per Computer Attack Excluded
Network Security Liability Limit	Annual Aggregate Excluded

19800000059162



INSURED COPY

MD 58866



Nationwide®

PREMIER BUSINESSOWNERS POLICY

HABITATIONAL

Policy Number: ACP BP013057488839

Policy Period: From 05-01-2021 To 05-01-2022

FORMS AND ENDORSEMENTS SUMMARY

Form Number	Title
PBDS01 01 18	Premier Businessowners Declarations
PB0002 01 18	Premier Businessowners Property Coverage Form
PB0006 01 17	Premier Businessowners Liability Coverages Form
PB0009 01 17	Premier Businessowners Common Policy Conditions
PB0008 01 17	Nuclear Energy Exclusion
PB0404 01 01	Hired Auto And Non-Owned Auto Liability
PB0412 01 01	Limitation Of Coverage To Designated Premises
PB0523 07 15	Cap on Losses from Certified Acts of Terrorism
PB0564 01 20	Conditional Exclusion of Terrorism Coverage
PB0589 03 11	Employment Practices Liability Insurance
PB1478 01 17	Exclusion of Loss Due to By-products of Production or Processing Operations (Rental Properties)
PB1486 11 14	Communicable Disease Exclusion
PB1701 11 14	Condominium Association Coverage
PB2099 01 17	Businessowners ADVANTAGE
PB4151 01 17	Directors and Officers Liability (Cooperatives Or Condominiums) With Non-Monetary Relief
PB5403 01 17	Replacement Cost Extension - Building
PB5422 04 06	Amendment - Employee Dishonesty Optional Coverage - Condominium, Townhouse Or Homeowners Association
PB5805 11 14	Data Compromise Coverage
PB5807 11 14	Cyberone Coverage
PB5809 11 14	Identity Recovery Coverage
PB6005 11 09	Additional Insured - Homeowners Associations
PB6200 01 17	Exclusion - Delivery Using Non-Owned Autos
PB9019 01 18	Maryland Amendatory Endorsement
PBAI05 01 17	Acknowledgement of Insured Status Your Real Estate Manager





Nationwide®

**PREMIER BUSINESSOWNERS POLICY
HABITATIONAL**

Policy Number: ACP BP013057488839

Policy Period: From 05-01-2021 To 05-01-2022

IMPORTANT NOTICES

Form Number	Title
NI9015 03 20	Businessowners Transfer of Your Policy within Nationwide Insurance
NI0062 01 21	Notice of Terrorism Insurance Coverage
NI0018 01 17	Flood Insurance Notice
NI0073 01 17	Employment Practices Liability Services
NI9009 01 17	Information for Insureds Who Have Tenants
NI0026 01 17	Important Notice to Maryland Policyholders
NI0035 01 17	Data Breach & Identity Recovery Services
NI0075 01 17	Consumer Report Inquiry Notice

19800000059171

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its Secretary and President.

Dennis J. [Signature]

Mark A. Buren

Secretary

President



INSURED COPY

MD 58866



PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

TABLE OF CONTENTS

A. COVERAGES	2
1. COVERED PROPERTY	2
2. PROPERTY NOT COVERED.....	3
3. COVERED CAUSES OF LOSS.....	3
4. LIMITATIONS.....	4
5. ADDITIONAL COVERAGES.....	4
a. Debris Removal	4
b. Preservation Of Property.....	5
c. Fire Department Service Charge.....	5
d. Fire Extinguisher Recharge.....	5
e. Collapse.....	5
f. Water Damage, Other Liquids, Powder Or Molten Material Damage.....	7
g. Business Income.....	7
h. Extra Expense	8
i. Pollutant Clean Up And Removal.....	8
j. Civil Authority.....	8
k. Money Orders And Counterfeit Money.....	9
l. Forgery And Alteration	9
m. Increased Cost Of Construction – Damaged Property.....	9
n. Equipment Breakdown	10
o. Arson Reward for Conviction.....	13
p. Money And Securities	13
q. Appurtenant Structures	14
r. Back Up Of Sewer Or Drain Water Damage.....	14
s. Dependent Properties – Business Income.....	15
t. Limited Coverage for Fungi, Wet Rot Or Dry Rot.....	15
u. Building Property of Others	16
v. Unauthorized Business Card Use	17
w. Computer Fraud And Funds Transfer Fraud.....	17
6. COVERAGE EXTENSIONS	17
a. Newly Acquired or Constructed Property.....	17
b. Newly Acquired Property - Business Income	18
c. Personal Property Off-premises	18
d. Outdoor Trees, Shrubs, Plants, and Lawns	18
e. Outdoor Signs.....	19
f. Personal Effects	19
g. Valuable Papers And Records	19
h. Accounts Receivable.....	20
i. Salespersons Samples.....	20
j. Business Income and Extra Expense –Increased Period of Restoration Due to Ordinance or Law ..	20
k. Removal Permit.....	20
l. Electronic Data	20
m. Interruption of Computer Operations.....	21
B. EXCLUSIONS	22
C. LIMITS OF INSURANCE	27
D. DEDUCTIBLES	28
E. PROPERTY LOSS CONDITIONS	29
F. PROPERTY GENERAL CONDITIONS	33
G. OPTIONAL COVERAGES	34
1. Employee Dishonesty Optional Coverage.....	34
2. Ordinance or Law Optional Coverages.....	36
3. Optional Amendment of Coverage - Exclude Theft.....	39
H. PROPERTY DEFINITIONS.....	39

19800000059180



INSURED COPY

MD 58866

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Please read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insureds shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Please refer to Section H. PROPERTY DEFINITIONS.

A. COVERAGES

We will pay for direct physical loss of or damage to Covered Property at the described premises in the Declarations caused by or resulting from any Covered Cause of Loss.

1. COVERED PROPERTY

Covered Property includes Buildings as described under paragraph a. below, Business Personal Property as described under paragraph b. below, or both, depending on whether a Limit of Insurance is shown in the Declarations for that type of property. Regardless of whether coverage is shown in the Declarations for Buildings, Business Personal Property, or both, there is no coverage for property described under paragraph 2. PROPERTY NOT COVERED.

- a. **Buildings**, meaning the described buildings and structures at the described premises, including:
- (1) Completed additions;
 - (2) Fixtures, including outdoor fixtures;
 - (3) Permanently installed:
 - (a) Machinery;
 - (b) Equipment; and
 - (c) Tanks, including pumps;
 - (4) Your personal property in apartments, rooms or common areas furnished by you as landlord;
 - (5) Personal property owned by you that is used to maintain or service buildings or structures or the premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings;
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering; and
 - (e) Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, mast and towers;

(6) If not covered by other insurance:

- (a) Additions under construction, alterations and repairs to the buildings or structures;
- (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures; and

(7) Garages, storage buildings, spas, swimming pools, fences, retaining walls, paved surfaces or other appurtenant structures usual to your business, but only if:

- (a) Coverage is not provided for such structures under the Appurtenant Structures Additional Coverage; and
- (b) Such structures are then described in the Declarations.

b. **Business Personal Property** located in or on the buildings or structures at the described premises or in the open (or in a vehicle) within 1,000 feet of the building or structures or within 1,000 feet of the premises described in the Declarations, whichever distance is greater, consisting of the following:

- (1) Personal property you own that is used in your business, including but not limited to furniture, fixtures, machinery, equipment and "stock";
- (2) Personal property of others that is in your care, custody or control, except as otherwise provided in Condition 5. Loss Payment under Section E. PROPERTY LOSS CONDITIONS;
- (3) Tenant improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and



- (b) You acquired or made at your expense but cannot legally remove; and
- (4) Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under paragraph (2) personal property of others above.
- (5) Exterior building glass, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control and you must be contractually obligated to repair or replace it. We will also pay for necessary repair or replacement of encasing frames, lettering or ornamentation that is part of the exterior glass.

Regardless of the amount of the Deductible, the most we will deduct from any loss or damage to exterior building glass in any one occurrence is listed in paragraph D.2. DEDUCTIBLES.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b. "Money" or "securities" except as provided in:
 - (1) Money and Securities Additional Coverage;
 - (2) Computer Fraud And Funds Transfer Fraud Additional Coverage; or
 - (3) Employee Dishonesty under Section G. OPTIONAL COVERAGES;
- c. Contraband, or property in the course of illegal transportation or trade;
- d. Land (including land on which the property is located), water (including water that is natural, metered water that is purchased from a utility company or other supplier, water that is located within a swimming pool, and/or bulk containerized water which is utilized for a fire suppression system. This does not include containerized water that is stock), growing crops or lawns (other than lawns which are part of a vegetated roof);
- e. Outdoor signs (other than signs attached to buildings), trees, shrubs, plants or lawns (other than "stock" of trees, shrubs

or plants and trees, shrubs or plants which are part of a vegetated roof), all except as provided in the:

- (1) Outdoor Signs Coverage Extension; or
- (2) Outdoor Trees, Shrubs, Plants and Lawns Coverage Extension.
- f. Watercraft (including motors, equipment and accessories) while afloat;
- g. Gasoline or diesel fuel contained in above ground or underground storage tanks;
- h. Property that is covered under another coverage form of this or any other policy issued to the Named Insured listed on this policy in which it is more specifically described, except for the excess of the amount due (whether you can collect it or not) from that other insurance;
- i. Grain, hay, straw or other crops while in the open;
- j. Accounts, bills, food stamps, other evidences of debt, accounts receivable or "valuable papers and records"; except as otherwise provided in this policy;
- k. "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck or other vehicle subject to motor vehicle registration. This paragraph does not apply to "computer(s)" while held as "stock";
- l. "Electronic data", except as provided in the Electronic Data or Equipment Breakdown Additional Coverages. This paragraph l. does not apply to your "stock" of prepackaged software or to "electronic data" which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.

3. COVERED CAUSES OF LOSS

This Coverage Form insures against direct physical loss unless the loss is:

- a. Excluded in Section B. EXCLUSIONS;
- b. Limited in paragraph A.4. LIMITATIONS in this section; or
- c. Limited or excluded in Section E. PROPERTY LOSS CONDITIONS or Section F. PROPERTY GENERAL CONDITIONS.

19800000059199



INSURED COPY

MD 58866

4. LIMITATIONS

a. We will not pay for loss of or damage to:

- (1) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through with the gases of combustion pass.

This limitation does not apply to loss or damage provided under the Equipment Breakdown Additional Coverage.

- (2) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

This limitation does not apply to loss or damage provided under the Equipment Breakdown Additional Coverage.

- (3) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to Money and Securities Additional Coverage.

- (4) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

This limitation does not apply to loss or damage provided under the Unauthorized Business Card Use or Computer Fraud.

- (5) Fences, spas, outdoor swimming pools and related equipment, retaining walls, pavements, bulkheads, pillars, wharves or docks caused by freezing or thawing, impact of watercraft, or by the pressure or weight of snow, sleet, ice or water whether driven by wind or not.

- (6) The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice,

sand or dust, whether driven by wind or not, unless:

- (a) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
- (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

- b. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

- (1) Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This limitation does not apply to:

- (a) Glass that is part of the exterior or interior of a building or structure;
- (b) Containers of property held for sale; or
- (c) Photographic or scientific instrument lenses.

- c. For loss or damage by theft, the following types of property are covered only up to the limits shown:

- (1) \$2,500 for furs, fur garments and garments trimmed with fur.
- (2) \$5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$250 or less per item.
- (3) \$2,500 for patterns, dies, molds and forms.

5. ADDITIONAL COVERAGES

a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property and debris from the property of others when such debris is caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.



- (2) The most we will pay under this Debris Removal Additional Coverage is 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

This Debris Removal Additional Coverage will not increase the Limits of Insurance provided by this policy.

HOWEVER, this limitation does not apply to any additional debris removal limit provided in paragraph (4) below.

- (3) This Debris Removal Additional Coverage does not apply to costs to:
- (a) Remove deposits of mud or earth from the grounds of the described premises;
 - (b) Extract "pollutants" from land or water;
 - (c) Remove, restore or replace polluted land or water; or
 - (d) Extract "pollutants" from Covered Property.

(4) If:

- (a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
- (b) The debris removal expense exceeds the amount payable under the 25% Debris Removal coverage limitation in paragraph (2) above;

we will pay up to an additional \$25,000 for each location in any one occurrence under this Debris Removal Additional Coverage.

b. Preservation Of Property

- (1) If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of or damage to that property:
- (a) While it is being moved or while temporarily stored at another premises; and
 - (b) Only if the loss or damage occurs within 45 days after the property is first moved.

- (2) This Preservation of Property Additional Coverage will not increase the Limits of Insurance provided by this policy.

c. Fire Department Service Charge

- (1) When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$25,000 for your liability for fire department service charges:

- (a) Assumed by contract or agreement prior to loss; or
- (b) Required by local ordinance.

- (2) The limit for this Fire Department Service Charge Additional Coverage is in addition to the Limits of Insurance.

- (3) No deductible applies to this Fire Department Service Charge Additional Coverage.

d. Fire Extinguisher Recharge

- (1) We will pay the expense you incur to recharge portable fire extinguishers when used to combat a covered fire.

- (2) This Fire Extinguisher Recharge Additional Coverage is not subject to the Limits of Insurance.

- (3) No deductible applies to this Fire Extinguisher Recharge Additional Coverage.

e. Collapse

The coverage provided under this Collapse Additional Coverage applies only to an abrupt collapse as described and limited in paragraphs e.(1) through e.(7).

- (1) For the purpose of this Collapse Additional Coverage abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

- (2) We will pay for direct physical loss of or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this policy or that contains Covered Property insured under this policy, if such collapse is caused by one or more of the following:

- (a) Building decay that is hidden from view, unless the presence of such

19800000059208



INSURED COPY

MD 58866

decay is known to an insured prior to collapse.

- (b) Insect or vermin damage that is hidden from view, unless the presence of such decay is known to an insured prior to collapse.
- (c) Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- (d) Use of defective materials or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (i) A cause of loss listed in paragraph (2)(a) or (2)(b);
 - (ii) One or more of the "specified causes of loss";
 - (iii) Breakage of building glass;
 - (iv) Weight of people or personal property; or
 - (v) Weight of rain, snow, sleet or ice, that collects on a roof.
- (3) This Collapse Additional Coverage does not apply to:
 - (a) A building or any part of a building that is in danger of falling down or caving in;
 - (b) A part of a building that is standing, even if it has separated from another part of the building; or
 - (c) A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- (4) With respect to the following property:
 - (a) Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, mast or towers;
 - (b) Awnings, gutters and downspouts;
 - (c) Yard fixtures;
 - (d) Outdoor swimming pools;
 - (e) Fences;

- (f) Bulkheads, pilings, piers, wharves and docks;
- (g) Beach or diving platforms or appurtenances;
- (h) Retaining walls; and
- (i) Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in (2)(a) through (2)(d) above, we will pay for loss or damage to that property in (a) through (i) above only if such loss or damage is a direct result of abrupt collapse of a building insured under this policy and the property is Covered Property under this policy.

- (5) If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building or any part of a building, we will pay for loss of or damage to Covered Property caused by such collapse of personal property only if:
 - (a) The collapse of personal property was caused by a Cause of Loss listed in (2)(a) through (2)(d) above;
 - (b) The personal property which collapses is inside a building; and
 - (c) The property which collapses is not of a kind listed in paragraph (4), regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this paragraph (5) does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by collapse.

- (6) This Collapse Additional Coverage does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- (7) This Collapse Additional Coverage will not increase the Limits of Insurance provided in this policy.



f. Water Damage, Other Liquids, Powder Or Molten Material Damage

- (1) If a covered loss to which this insurance applies was caused by or resulted from water or other liquid, powder or molten material, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. HOWEVER, we will not pay for a loss caused by or resulting from water or other liquid, powder or molten material if the system or appliance in which the water or other substance escapes from is located off of the described premises.
- (2) We will not pay the cost to repair any defect that caused the loss or damage except as provided in Equipment Breakdown Additional Coverage; but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
 - (a) Results in discharge of any substance from an automatic fire protection system; or
 - (b) Is directly caused by freezing.
- (3) This Water Damage Additional Coverage will not increase the Limits of Insurance provided in this policy.

g. Business Income

- (1) **Business Income with Ordinary Payroll Limitation**
 - (a) We will pay for the actual loss of "business income" you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

(b) With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- (i) The portion of the building which you rent, lease or occupy; and
- (ii) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

(c) We will only pay for loss of "business income" that you sustain during the "period of restoration" and that occurs within the number of consecutive months shown in the Declarations for Business Income – Actual Loss Sustained after the date of direct physical loss or damage. We will only pay for "ordinary payroll expenses" for the number of days shown in the Declarations for Ordinary Payroll Limit following the date of direct physical loss or damage.

(2) Extended Business Income

- (a) If the necessary suspension of your "operations" produces a "business income" loss payable under this policy, we will pay for the actual loss of "business income" you incur during the period that:
 - (i) Begins on the date property except finished stock is actually repaired, rebuilt or replaced and "operations" are resumed; and
 - (ii) Ends on the earlier of:
 - i. The date you could restore your "operations", with reasonable speed, to the level which would generate the "business income" amount that would have existed if no direct physical loss or damage had occurred; or
 - ii. Sixty (60) consecutive days after the date determined in (2)(a)(i)

19800000059217



INSURED COPY

MD 58866

above, unless a greater number of days is shown for Extended Business Income Increased Period of Indemnity in the Declarations at that described premises.

HOWEVER, Extended Business Income does not apply to loss of "business income" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

- (b) Loss of a "business income" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.
- (3) This Business Income Additional Coverage is not subject to the Limits of Insurance.

h. Extra Expense

- (1) We will pay necessary "extra expense" you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.
- (2) With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:
 - (a) The portion of the building which you rent, lease or occupy; and
 - (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.
- (3) We will only pay for "extra expense" that occurs within the number of consecutive months shown in the Declarations for Extra Expense after

the date of direct physical loss or damage.

- (4) This Extra Expense Additional Coverage is not subject to the Limits of Insurance.
- i. Pollutant Clean Up And Removal**
- (1) We will pay your expense to extract "pollutants" from land, water or Covered Property at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
 - (2) This Pollutant Clean Up And Removal Additional Coverage does not apply to:
 - (a) Costs to test for, monitor or assess the existence, concentration or effects of "pollutants"; or
 - (b) Any penalties or assessments that may be charged against you due to any statute, regulation or ordinance.

But we will pay for testing which is performed in the course of extracting the "pollutants" from land or water.
 - (3) The most we will pay for each location under this Pollutant Clean Up And Removal Additional Coverage is \$25,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.
 - (4) The limit for this Pollutant Clean Up And Removal Additional Coverage is in addition to the Limits of Insurance.

j. Civil Authority

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is



prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for "business income" will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to 30 days after coverage begins.

Civil Authority coverage for necessary "extra expense" will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) 30 days after the time of that action;
or
(2) When your Civil Authority coverage for "business income" ends;

whichever is later.

The definitions of Business Income and Extra Expense contained in the Business Income and Extra Expense Additional Coverages also apply to this Civil Authority Additional Coverage. The Civil Authority Additional Coverage is not subject to the Limits of Insurance.

k. Money Orders And Counterfeit Money

- (1) We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:
- (a) Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- (b) "Counterfeit money" that is acquired during the regular course of business.
- (2) The most we will pay for any loss under this Money Orders And Counterfeit Money Additional Coverage is \$5,000.
- (3) The limit for this Money Orders And Counterfeit Money Additional

Coverage is in addition to the Limits of Insurance.

l. Forgery And Alteration

- (1) We will pay for loss resulting directly from forgery or alteration of, any check, draft, promissory note, bill of exchange or similar written promise of payment in "money" that you or your agent has issued, or that was issued by someone who impersonates you or your agent.
- (2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.
- (3) For the purpose of this coverage, check includes a substitute check as defined in the Check Clearing for the 21st Century Act, and will be treated the same as the original it replaced.
- (4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$10,000, unless a higher Limit of Insurance is shown in the Declarations.
- (5) All losses:
- (a) Caused by one or more persons;
or
(b) Involving a single act or series of related acts;
is considered one occurrence.
- (6) The limit for this Forgery And Alteration Additional Coverage is in addition to the Limits of Insurance.

m. Increased Cost Of Construction – Damaged Property

- (1) This Additional Coverage applies only to buildings insured on a replacement cost basis.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in paragraphs (3) through (8) of this

19800000059223



INSURED COPY

MID 58866

Increased Cost Of Construction – Damaged Property Additional Coverage.

- (3) The ordinance or law referred to in paragraph (2) of this Increased Cost Of Construction – Damaged Property Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
- (4) Under this Increased Cost Of Construction – Damaged Property Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Increased Cost Of Construction – Damaged Property Additional Coverage, we will not pay for:
 - (a) The enforcement of, or compliance with, any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot; or
 - (b) Any costs associated with the enforcement of, or compliance with, an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants", "fungi", wet rot or dry rot.
- (6) The most we will pay under this Increased Cost Of Construction – Damaged Property Additional Coverage, for each described building insured under this Coverage Form, is \$25,000.
The limit for this Increased Cost Of Construction – Damaged Property Additional Coverage is in addition to the Limits of Insurance.

- (7) With respect to this Increased Cost Of Construction – Damaged Property Additional Coverage:
 - (a) We will not pay any costs:
 - (i) Until the property is actually repaired or replaced, at the same described premises or another premises; and
 - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (b) If the building is repaired or replaced at the same described premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the same described premises.
 - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the new premises for a building of like, kind and quality and of the same size and use.
- (8) This Increased Cost Of Construction – Damaged Property Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such exclusion would conflict with the provisions of this Increased Cost Of Construction – Damaged Property Additional Coverage.

n. **Equipment Breakdown**

- (1) We will pay for direct physical loss of or damage to Covered Property caused by or resulting from an "accident" to "covered equipment".
If an initial "accident" causes other "accidents", all will be considered one "accident". All "accidents" that are the result of the same event will be considered one "accident".
- (2) If a dollar deductible is shown in the declarations for this Equipment Breakdown Additional Coverage, we will first subtract the applicable deductible amount from any loss we



would otherwise pay. We will then pay the amount of loss in excess of the applicable deductible up to the applicable limit for this coverage.

If no dollar deductible is shown for Equipment Breakdown Additional Coverage, the Property Deductible shown in the Declarations applies.

- (3) The following coverages also apply to loss caused by or resulting from an "accident" to "covered equipment". These coverages do not provide additional amounts of insurance.

(a) Expediting Expenses

With respect to your damaged Covered Property, we will pay, up to \$100,000, the reasonable extra cost to:

- (i) Make temporary repairs; and
- (ii) Expedite permanent repairs or replacement.

(b) Hazardous Substances

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance". This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in (3)(c)(ii) below.

Additional costs mean those beyond what would have been required had no "hazardous substance" been involved.

The most we will pay for loss, damage or expense under this coverage, including actual loss of "business income" you sustain and necessary "extra expense" you incur is \$100,000.

(c) Perishable Goods

- (i) We will pay for physical damage to "perishable goods" due to spoilage.
- (ii) We will also pay for physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia.

- (iii) We will also pay necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

- (iv) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with Condition 5. Loss Payment under Section E. PROPERTY LOSS CONDITIONS.

The most we will pay for loss, damage or expenses under this coverage is \$100,000.

(d) Service Interruption

- (i) The insurance provided under the Business Income Additional Coverage, the Extra Expense Additional Coverage and for (c) Perishable Goods in this Equipment Breakdown Additional Coverage, is extended to apply to your loss, damage or expense caused by the interruption of utility services. The interruption must result from an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water or steam, internet access, telecommunications services, wide area networks or data

1980000059232



INSURED COPY

MD 58866

transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.

(ii) Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the "accident".

(iii) The most we will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, Extra Expense or Perishable Goods.

(e) Electronic Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore lost "electronic data".

The most we will pay for loss or expense under this coverage, including actual loss of "business income" you sustain and necessary "extra expense" you incur, is \$100,000.

(f) Environmental, Safety and Efficiency Improvements

The following provision does not apply to property insured on an "actual cash value" basis.

If "covered equipment" requires replacement due to loss or damage caused by or resulting from an "accident", we will pay your additional cost to replace with equipment that is better for the environment, more efficient or safer than the equipment being replaced.

HOWEVER, we will not pay more under this additional coverage than 125% of what the cost would have been to repair or replace with like kind and quality.

This provision does not increase any of the applicable limits.

(4) Additional Exclusions

(a) We will not pay under this Equipment Breakdown Additional Coverage for loss, damage or expense caused by or resulting from:

(i) Any defect, programming error, programming limitation, "computer" virus, malicious code, loss of data, loss of access, loss of use, loss of functionality or other condition within "electronic data". But if an "accident" results, we will pay for the resulting loss, damage or expense; or

(ii) Any of the following tests:

i. A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or

ii. An electrical insulation breakdown test of any type of electrical equipment.

(b) With respect to (d) Service Interruption coverage, we will not pay for an "accident" caused by or resulting from: fire; lightning; windstorm or hail; explosion (except for steam or centrifugal explosion); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood; or earth movement.

(c) Exclusion B.1.h. Fungi, Wet Rot Or Dry Rot does not apply to spoilage of personal property that is "perishable goods," to the extent that spoilage is covered under (c) Perishable Goods coverage.

(d) We will not pay under this Equipment Breakdown Additional Coverage for any loss or damage to animals.

(5) Additional Conditions

(a) Suspension

Whenever "covered equipment" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment". This can be done by mailing or delivering a written notice of suspension to: your address as shown in the Declarations, or at the address



where the equipment is located. Once suspended in this way, your insurance can be reinstated only by written notice of reinstatement from us.

(b) Jurisdictional Inspections

If "covered equipment" under this Equipment Breakdown Additional Coverage requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

- (6) The most we will pay for loss, damage or expense under this Equipment Breakdown Additional Coverage arising from any one "accident" is the applicable Limit of Insurance shown in the Declarations. This Equipment Breakdown Additional Coverage will not increase the Limits of Insurance provided by this policy.

o. Arson Reward for Conviction

- (1) In the event that a covered fire loss was the result of an act of arson, we will pay a reward to anyone, other than paid investigators, who gives legal authorities information that leads to the conviction of anyone who committed such arson.
- (2) We will pay up to 10 percent of the amount of the insured fire loss or \$10,000, whichever is less. This payment is the most we will pay in any one occurrence, regardless of the number of persons providing information or convicted of arson.
- (3) The limit for this Arson Reward for Conviction Additional Coverage is in addition to the Limits of Insurance.
- (4) No deductible applies to this Arson Reward for Conviction Additional Coverage.

p. Money And Securities

- (1) We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee (including a temporary or leased employee) having use and custody of the property, at the

described premises, or in transit by direct route between any of these places, resulting directly from:

- (a) Theft, meaning any act of stealing;
 - (b) Disappearance; or
 - (c) Destruction.
- (2) In addition to the Limitations and Exclusions applicable to property coverage, we will not pay for loss or damage:
- (a) Resulting from accounting or arithmetical errors or omissions;
 - (b) Due to the giving or surrendering of property in any exchange or purchase;
 - (c) Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device;
 - (d) From an unattended motor vehicle; or
 - (e) That is covered under the Unauthorized Business Card Use or Computer Fraud And Funds Transfer Fraud Additional Coverages.
 - (f) To "money" and "securities" following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the described premises, bank or savings institution:
 - (i) To a person (other than a messenger) outside those premises; or
 - (ii) To a place outside those premises.
- (3) The most we will pay under this Money and Securities Additional Coverage for loss in any one occurrence is:
- (a) **Inside the Premises, \$10,000 for "money" and "securities" while:**
 - (i) In or on the described premises; or
 - (ii) Within a bank or savings institution;
 unless a higher Limit of Insurance for "money" and "securities"

19800000059241



INSURED COPY

MD 58866

inside the premises is shown in the Declarations; and

- (b) **Outside the Premises, \$10,000** for "money" and "securities" while anywhere else, unless a higher Limit of Insurance for "money" and "securities" outside the premises is shown in the Declarations.

- (4) All loss:
 - (a) Caused by one or more persons; or
 - (b) Involving a single act or series of related acts;
 is considered one occurrence.
- (5) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.
- (6) The limit for this Money and Securities Additional Coverage is in addition to the Limits of Insurance.

q. Appurtenant Structures

- (1) We will pay for direct physical loss of or damage to any separate garages, storage buildings, swimming pools, spas, fences, retaining walls, paved surfaces and other appurtenant structures usual to your business at the described premises in the Declarations caused by or resulting from any Covered Cause of Loss.
- (2) The most we will pay for loss or damage under this Appurtenant Structures Additional Coverage in any one occurrence is 10% of the Building Limit of Insurance shown in the Declarations for that described building.

HOWEVER, if the value of any one garage, storage building, swimming pool, spa, fence, retaining wall, paved surfaces or other appurtenant structure exceeds \$50,000, this Appurtenant Structures Additional Coverage does not apply to that structure. The value of the property covered under this Appurtenant Structures Additional Coverage will be determined at replacement cost without deduction for depreciation. If the "Actual Cash Value – Buildings" option applies to Buildings, as shown in the Declarations, we will determine the value of property covered under

this Appurtenant Structures Additional Coverage at "actual cash value".

In Section E. PROPERTY LOSS CONDITIONS, paragraph 5.e.(1)(b) under Loss Payment does not apply in determining if property is covered under this Appurtenant Structures Additional Coverage. All Loss Payment provisions are otherwise applicable for loss or damage covered by this Additional Coverage.

- (3) The limit for this Appurtenant Structures Additional Coverage is in addition to the Limits of Insurance.

r. Back Up Of Sewer Or Drain Water Damage

- (1) For the purpose of this Back Up Of Sewer Or Drain Water Damage Additional Coverage the following definition is added:

"Flood" means a general and temporary condition of partial or complete inundation of normally dry land areas from:

- (a) The unusual and rapid accumulation or runoff of surface waters from any source;
- (b) The overflow of inland or tidal waters; or
- (c) Waves, tides or tidal waves.

- (2) We will pay for loss of or damage to Covered Property caused by water that backs up or overflows from a sewer or drain pipe, sump pump well or similar device designed to prevent overflow, seepage or leakage of subsurface water.

We will also pay for loss of or damage to Covered Property caused by water that overflows from any interior plumbing fixture because the water is unable to enter into an attached drain pipe.

HOWEVER, we will not pay for loss or damage that results from:

- (a) Sewer back-up or sump pump overflow that occurs during the period beginning 10 days before and ending 10 days after a "flood" on the described premises;
- (b) An insured's failure to keep a sump pump or its related equipment in proper working condition;



- (c) An insured's failure to perform the routine maintenance or repair necessary to keep a sewer or drain pipe free from obstructions;
 - (d) Sump pump failure which is caused by or results from failure of power, unless this policy is endorsed to cover power failure affecting the described premises.
- (3) The most we will pay for loss or damage under this coverage is:
- (a) \$5,000 per building; or
 - (b) \$25,000 in any one policy period, regardless of the number of losses;

unless a higher Limit of Insurance for Back Up Of Sewer Or Drain Water Damage is shown in the Declarations.

- (4) The limit of insurance that applies to coverage under this Back Up Of Sewer Or Drain Water Damage Additional Coverage includes any loss arising from debris removal expense, Business Income Additional Coverage and Extra Expense Additional Coverage.
- (5) The limit for this Back Up Of Sewer Or Drain Water Damage Additional Coverage is in addition to the Limits of Insurance.
- (6) The Debris Removal Additional Coverage does not apply to this Back Up Of Sewer Or Drain Water Damage Additional Coverage.

s. Dependent Properties – Business Income

- (1) We will pay for the actual loss of "business income" you sustain due to the necessary and unavoidable suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to "dependent property" or "secondary dependent property" caused by or resulting from any Covered Cause of Loss.

HOWEVER, this Additional Coverage does not apply when the only loss at the premises of a Dependent Property or Secondary Dependent Property is loss or damage to "electronic data". If the Dependent Property or Secondary Dependent Property sustains loss or damage to

"electronic data" and other property, coverage under this Additional Coverage will not continue once the property is repaired, rebuilt or replaced.

- (2) We will only pay for loss of "business income" that occurs within 12 consecutive months after the date of direct physical loss or damage.
- (3) This Dependent Properties – Business Income Additional Coverage is not subject to the Limits of Insurance.
- (4) The "dependent property" or "secondary dependent property" must be located in the coverage territory of this policy.

t. Limited Coverage for Fungi, Wet Rot Or Dry Rot

- (1) The coverage described in paragraphs t.(2) and t.(6) only applies when the "fungi", wet rot or dry rot are the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- (2) We will pay for loss or damage by "fungi", wet rot or dry rot. As used in this Limited Coverage, the term loss or damage means:
 - (a) Direct physical loss or damage to Covered Property caused by "fungi", wet rot or dry rot, including the cost of removal of the "fungi", wet rot or dry rot;
 - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet rot or dry rot; and
 - (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet rot or dry rot are present.
- (3) The coverage described under this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage

19800000059250



INSURED COPY

MD 58866

arising out of all occurrences of "specified causes of loss" (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungi", wet rot or dry rot, we will not pay more than the total of \$15,000 even if the "fungi", wet rot or dry rot continues to be present or active, or recurs, in a later policy period.

- (4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet rot or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungi", wet rot or dry rot, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this limited coverage.

- (5) The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverages.

- (6) The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage:

- (a) If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under the Business Income and/or Extra Expense is limited to the amount

of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

- (b) If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet rot or dry rot, but remediation of "fungi", wet rot or dry rot prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

u. Building Property of Others

- (1) If you occupy a described premises as a tenant, and a written lease or rental agreement for that premises requires you to pay for loss of or damage to a part of building property you do not own, we will pay for direct physical loss of or damage to that part of building property described in section A.1.a, other than exterior glass, caused by a Covered Cause of Loss.
- (2) The valuation of property covered under this Additional Coverage will be determined in accordance with the building valuation option (e.g. Actual Cash Value or Replacement Cost) shown on the policy declarations, or at the amount for which the tenant is liable under contract, whichever is less.
- (3) The most we will pay for any loss or damage under this Building Property of Others Additional Coverage is \$10,000, unless a higher limit is shown in the Declarations or the property is covered under another coverage form of this or all other collectible insurance. HOWEVER if a higher limit is described in the Covered Property Declarations or the property is covered under another coverage form of this or any other specifically scheduled property, that coverage amount will be in excess of the Building Property of Others Additional Coverage limit, up the applicable limit of insurance.



- (4) The limit for this Building Property of Others Additional Coverage is in addition to the Limits of Insurance.

v. Unauthorized Business Card Use

- (1) We will pay for the legal obligation you have because of the theft or unauthorized use of your business credit, debit or charge cards issued to you or registered in your name or the name of your business.
- (2) The most we will pay under this Unauthorized Business Card Use Additional Coverage for loss in any one occurrence is \$10,000.
- (3) All loss:
 - (a) Caused by one or more persons; or
 - (b) Involving a single act or series of related acts;
 is considered one occurrence.
- (4) The limit for this Unauthorized Business Card Use Additional Coverage is in addition to the Limits of Insurance.

w. Computer Fraud And Funds Transfer Fraud

- (1) We will pay for:
 - (a) Loss resulting from "fraudulent instruction" directing a financial institution to transfer, pay or deliver "money" or "securities" from your "transfer account"; or
 - (b) Loss directly related to the use of any computer to fraudulently cause a transfer of covered property from inside the described premises to a person (other than a messenger) or place outside those premises.
- (2) The most we will pay under this Computer Fraud And Funds Transfer Fraud Additional Coverage for loss in any one occurrence is \$10,000 unless a higher Limit of Insurance is shown in the Declarations.
- (3) All loss:
 - (a) Caused by one or more persons; or
 - (b) Involving a single act or series of related acts;
 is considered one occurrence.
- (4) The limit for this Computer Fraud and Funds Transfer Fraud Additional

Coverage is in addition to the Limits of Insurance.

- (5) In section B. EXCLUSIONS of this Coverage Form:

- (a) paragraph B.2.g. False Pretense does not apply to this additional coverage.
- (b) The following exclusion is added: We will not pay for loss or damages caused by or resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.

6. COVERAGE EXTENSIONS

Except as otherwise provided, the following Extensions apply to property located in or on the described building in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

In addition to the Limits of Insurance, you may extend the insurance provided by this policy as follows.

a. Newly Acquired or Constructed Property

(1) Buildings

If this policy covers Buildings, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at premises other than the one described, intended for:
 - (i) Similar use as the described building in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Buildings Coverage Extension is \$1,000,000 at each building.

(2) Business Personal Property

If this policy covers Business Personal Property, you may extend that insurance to apply to:

- (a) Business Personal Property, including such property that you newly acquire, other than at fairs or exhibitions, at any premises you acquire;

19800000059269



INSURED COPY

MD 58866

- (b) Business Personal Property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the described premises; or
- (c) Business Personal Property that you newly acquire, located at the described premises.

This Extension does not apply to personal property that you temporarily acquire in the course of installing or performing work on such property or your wholesale activities.

The most we will pay for loss or damage under this Business Personal Property Coverage Extension is \$500,000 at each building.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 180 days after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Newly Acquired Property - Business Income

- (1) You may extend the insurance that applies to Business Income Additional Coverages to apply to property at any premises you newly acquire, other than temporary premises such as fairs or exhibitions, whether attended regularly or not.
- (2) The most we will pay for loss under this Newly Acquired Property - Business Income Coverage Extension is the lesser of:
 - (a) The actual loss of "business income" you sustain, as provided for and described under the

Business Income Additional Coverage; or

- (b) \$100,000.

(3) This insurance will end the earlier of:

- (a) This policy expires;
- (b) 180 days after you acquire the property; or
- (c) You report values to us.

We will charge you any additional premium from the date you acquire the property.

c. Personal Property Off-premises

You may extend the insurance provided by this policy to apply to your Covered Property, other than "money" and "securities", "valuable papers and records" or accounts receivable, while it is in the course of transit or at a premises you do not own, lease or operate.

The most we will pay for loss or damage under this Personal Property Off-premises Coverage Extension is \$15,000.

d. Outdoor Trees, Shrubs, Plants, and Lawns

- (1) You may extend the insurance provided by this policy to apply to your outdoor trees, shrubs, plants and lawns (other than "stock"), including debris removal expense, caused by or resulting from any of the following Causes of Loss:

Fire; Lightning; Explosion; Aircraft or vehicles; Riot or civil commotion; Vandalism; or Theft.

- (2) The most we will pay for loss or damage under this Outdoor Trees, Shrubs, Plants, and Lawns Coverage Extension is \$10,000 in any one occurrence, unless a higher limit for outdoor trees, shrubs, plants, and lawns is shown in the Declarations, but not more than \$2,500 for any one tree, shrub or plant.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.



- (3) The Debris Removal Additional Coverage does not apply to this Outdoor Trees, Shrubs, Plants, and Lawns Coverage Extension.

e. Outdoor Signs

- (1) You may extend the insurance provided by this policy to apply to your outdoor signs, including debris removal expense.
- (2) The most we will pay for loss or damage under this Outdoor Signs Coverage Extension is \$2,500 in any one occurrence, unless a higher limit for outdoor signs is shown in the Declarations.
- (3) The Debris Removal Additional Coverage does not apply to this Outdoor Signs Coverage Extension.

f. Personal Effects

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your officers, your partners or "members", your "managers" or your employees.

HOWEVER, personal effects does not include:

- (1) Tools or equipment used in your business; or
- (2) "Money", "securities" or jewelry.

AND this Business Personal Property Coverage Extension does not apply to:

- (a) Property while it is in the course of transit or at a premises you do not own, lease or operate.
- (b) Property in storage away from the described premises.

The most we will pay for loss or damage under this Personal Effects Coverage Extension is \$10,000 in any one occurrence, but not more than \$2,500 for the personal effects of any one individual.

g. Valuable Papers And Records

- (1) You may extend the insurance provided by this policy to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control, caused by or resulting from a Covered Cause of Loss. This Valuable Papers And Records Coverage Extension includes the cost to research, replace or restore the lost information on

"valuable papers and records" for which duplicates do not exist.

- (2) This Valuable Papers And Records Coverage Extension does not apply to:

- (a) Property held as samples or for delivery after sale;
- (b) Property in storage away from the described premises.

- (3) The most we will pay under this Valuable Papers And Records Coverage Extension for loss of or damage to "valuable papers and records", in any one occurrence at the described building is \$25,000, unless a higher Limit of Insurance for "valuable papers and records" is shown in the Declarations.

For "valuable papers and records" not at the described premises, the most we will pay is \$25,000.

- (4) Loss or damage to "valuable papers and records" will be valued at the cost of restoration or replacement of the lost or damaged information. To the extent that the contents of the "valuable papers and records" are not restored, the "valuable papers and records" will be valued at the cost of replacement with blank materials of substantially identical type.

- (5) Section B. EXCLUSIONS of this Coverage Form does not apply to this Valuable Papers And Records Coverage Extension except for:

- (a) Paragraph B.1.c. Governmental Action;
- (b) Paragraph B.1.d. Nuclear Hazard;
- (c) Paragraph B.1.f. War And Military Action;
- (d) Paragraph B.2.f. Dishonesty;
- (e) Paragraph B.2.g. False Pretense;
- (f) Paragraph B.2.m.(2) Errors Or Omissions; and
- (g) Paragraph B.3.

h. Accounts Receivable

- (1) You may extend the insurance provided by this policy to apply to your records of accounts receivable. We will pay:

19800000059278



INSURED COPY

MD 58866

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
- (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable.

- (2) The most we will pay under this Accounts Receivable Coverage Extension for loss or damage in any one occurrence at the described building is \$25,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

For records of accounts receivable not at the described premises, the most we will pay is \$25,000.

- (3) Section B. EXCLUSIONS of this Coverage Form does not apply to this Accounts Receivable Coverage Extension except for:
 - (a) Paragraph B.1.c. Governmental Action;
 - (b) Paragraph B.1.d. Nuclear Hazard;
 - (c) Paragraph B.1.f. War And Military Action;
 - (d) Paragraph B.2.f. Dishonesty;
 - (e) Paragraph B.2.g. False Pretense;
 - (f) Paragraph B.3.; and
 - (g) Paragraph B.6. Accounts Receivable Exclusion.

i. Salespersons Samples

- (1) You may extend the insurance that applies to Business Personal Property to apply to salespersons samples while away from the described premises.
- (2) The most we will pay under this Salespersons Samples Coverage

Extension for loss or damage in any one occurrence is \$10,000.

j. Business Income and Extra Expense – Increased Period of Restoration Due to Ordinance or Law

If a Covered Cause of Loss occurs to property at the described premises, coverage is extended to include the amount of actual and necessary loss you sustain during the “period of restoration” of “operations” caused by or resulting from the enforcement of, or compliance with, any ordinance or law that:

- (1) Regulates the construction or repair of any property;
- (2) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
- (3) Is in force at the time of loss.

HOWEVER, coverage is not extended under this Business Income and Extra Expense – Increased Period of Restoration Due to Ordinance or Law Extension to include loss caused by or resulting from the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants”.

k. Removal Permit

If Covered Personal Property is removed to a new premise that is described in the Declarations, you may extend this insurance to include that Covered Personal Property at each premise during the removal. Coverage at each premises will apply in the proportion that the value at each premises bears to the value of all Covered Personal Property being removed. This permit applies up to 30 days after the date Covered Personal Property is first removed at the previous premises; after that, this Removal Permit Coverage Extension does not apply at the previous premises.

l. Electronic Data

- (1) You may extend the insurance provided by this policy to apply to the cost to replace or restore “electronic data” which has been destroyed or corrupted by a Covered Cause of Loss, a “computer” virus, harmful code or similar instruction introduced



into or enacted on a "computer" system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a "computer" system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.

- (2) To the extent that "electronic data" is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the "electronic data" was stored, with blank media of substantially identical type.
- (3) The most we will pay under this Electronic Data Coverage Extension for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of buildings, locations or "computer" systems involved, is \$10,000, unless a higher Limit of Insurance is shown in the Declarations. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.
- (4) This Electronic Data Coverage Extension does not apply to losses covered under the Equipment Breakdown Additional Coverage.

m. Interruption of Computer Operations

- (1) You may extend the insurance that applies to Business Income and Extra Expense Additional Coverages to apply to a suspension of "operations" caused by an interruption in "computer" operations due to destruction or corruption of "electronic data" due to "specified causes of loss", Collapse or a "computer" virus, harmful code or similar instruction

introduced into or enacted on a "computer" system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a "computer" system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.

- (2) The most we will pay under this Interruption of Computer Operations Coverage Extension for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of buildings, locations or "computer" systems involved, is \$10,000 unless a higher Limit of Insurance is shown in the Declarations. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (3) This Interruption of Computer Operations Coverage Extension does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (2) above has not been exhausted.
- (4) Coverage for Business Income does not apply when a suspension of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under paragraphs (1) through (3) of this Interruption of Computer Operations Coverage Extension.

1980000059287



INSURED COPY

MD 58866

- (5) Coverage for Extra Expense does not apply when action is taken to avoid or minimize a suspension of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under paragraphs (1) through (3) of this Interruption of Computer Operations Coverage Extension.
- (6) This Additional Coverage does not apply when loss or damage to "electronic data" involves only "electronic data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.
- (7) This Interruption of Computer Operations Coverage Extension does not apply to losses covered under the Equipment Breakdown Additional Coverage.

B. EXCLUSIONS

- 1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Ordinance Or Law

The enforcement of, or compliance with, any ordinance or law:

- (1) Regulating the construction, use or repair of any property;
- (2) Requiring the tearing down of any property, including the cost of removing its debris; or
- (3) Requiring the removal or disposal of "pollutants".

This Ordinance Or Law Exclusion applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event.
- (2) Landslide, including any earth sinking, rising or shifting related to such event.
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased.
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in (1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or volcanic action, we will pay for the loss or damage caused by that fire, building glass breakage or volcanic action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust, or particulate matter; or
- (c) Lava flow.

With respect to coverage for volcanic action as set forth in 5(a), 5(b) and 5(c), all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of



nature or is otherwise caused. An example of a situation to which the 'otherwise caused' exclusion would apply are acts such as road construction, using tools such as jack hammers and causing ground vibrations in close proximity to the insured's building resulting in damage to the building's structure and foundation.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this policy.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, including but not limited to radon gas, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

This exclusion does not apply to loss or damage provided under the Equipment Breakdown Additional Coverage.

f. War And Military Action

- (1) War, including undeclared or civil war;

- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain pipe, sump, sump pump or related equipment, except as provided under the Back Up Of Sewer Or Drain Water Damage Additional Coverage;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.
- (6) Water that overflows from any plumbing fixture because the water is unable to enter into an attached drain pipe, or water that is unable to enter into a drain pipe through any interior or exterior drain, drain strainer, catch basin, roof drain, scupper, or similar device designed to channel water from a plumbing fixture, roof, floor or other surface area, except as provided under the Back Up Of Sewer Or Drain Water Damage Additional Coverage.

This exclusion applies regardless of whether any of the above, in paragraphs (1) through (6), is caused by an act of

1980000059296



INSURED COPY

MD 58866

nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

HOWEVER, if electrical "covered equipment" requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies.

But if any of the above paragraphs (1) through (6), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

h. Fungi, Wet Rot Or Dry Rot

Presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot.

But if "fungi", wet rot or dry rot result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungi", wet rot or dry rot result from fire or lightning; or
- (2) To the extent that coverage is provided in the Limited Coverage For Fungi, Wet Rot Or Dry Rot Additional Coverage, with respect to loss or damage by a cause of loss other than fire or lightning.

i. Virus Or Bacteria

- (1) Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- (2) However, the exclusion in paragraph (1) does not apply to loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage is addressed in Exclusion h. Fungi, Wet Rot or Dry Rot.
- (3) With respect to any loss or damage subject to the exclusion in paragraph (1), such exclusion supersedes any exclusion relating to "pollutants".

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Electrical Apparatus

Artificially generated electrical, magnetic or electromagnetic energy that damages,

disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (1) Electrical current, including arcing;
- (2) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (3) Pulse of electromagnetic energy; or
- (4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by fire.

This Electrical Apparatus exclusion does not apply to the coverage provided under the Equipment Breakdown Additional Coverage.

b. Consequential Losses

Delay, loss of use or loss of market.

c. Smoke, Vapor, Gas

Smoke, vapor or gas from agricultural smudging or industrial operations.

d. Steam Apparatus

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

This Steam Apparatus exclusion does not apply to the coverage provided under the Equipment Breakdown Additional Coverage.

e. Frozen Plumbing

Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective



systems) caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the supply if the heat is not maintained.

f. Dishonesty

Dishonest or criminal acts (including theft) by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees (including temporary or leased employees), directors, trustees, or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary or leased employees) or authorized representatives; but theft by your employees (including temporary or leased employees) or authorized representatives is not covered.

With respect to Covered Property, including accounts receivable and "valuable papers and records", this exclusion does not apply to carriers for hire.

This exclusion does not apply to coverage that is provided under the Employee Dishonesty Optional Coverage.

g. False Pretense

Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

h. Exposed Property

Rain, snow, ice or sleet to personal property in the open.

i. Collapse

- (1) Collapse, including any of the following conditions of property or any part of the property:

- (a) An abrupt falling down or caving in;
- (b) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (c) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to paragraph i.(1)(a) or i.(1)(b).

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

(2) This Exclusion i. does not apply:

- (a) To the extent that coverage is provided under the Collapse Additional Coverage; or
- (b) To collapse caused by one or more of the following:
 - (i) The "specified causes of loss";
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.

j. Pollutants

We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

k. Neglect

Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

l. Other Types Of Loss

- (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect

19800000059305



INSURED COPY

MD 58866

or any quality in property that causes it to damage or destroy itself;

- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force, except as provided under the Equipment Breakdown Additional Coverages;
- (7) Growth of tree, shrub or plant roots causing physical damage to any underground property, property foundations, roadways, walks, patios or other paved surfaces;
- (8) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature;
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in paragraphs (1) through (8) above results in a "specified cause of loss", "accident" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss", "accident" or building glass breakage.

m. Errors Or Omissions

Errors or omissions in:

- (1) Programming, processing or storing data, as described under "electronic data" or in any "computer" operations; or
- (2) Processing or copying "valuable papers and records".

HOWEVER, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this coverage form.

This exclusion does not apply to coverage that is provided under the Employee Dishonesty Optional Coverage.

n. Installation, Testing, Repair

Errors or deficiency in design, installation, testing, maintenance, modification or

repair of your "computer" system including "electronic data".

HOWEVER, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this coverage form.

This exclusion does not apply to coverage that is provided under the Employee Dishonesty Optional Coverage.

o. Electrical Disturbance

Electrical or magnetic injury, disturbance or erasure of "electronic data", except as provided under the Equipment Breakdown or Electronic Data Additional Coverages.

HOWEVER, we will pay for direct loss or damage caused by lightning.

p. Leakage or Seepage

Constant or repeated seepage or leakage of water or steam, or the presence or condensation of humidity, moisture or vapor, whether continuous or intermittent from any:

- (1) Heating, air conditioning or refrigerating system;
- (2) Domestic appliance; or
- (3) Plumbing system, including from or around any shower stall or other shower bath installation, bathtub or other plumbing fixture.

- 3. We will not pay for loss or damage caused by or resulting from any of the following B.3.a. through B.3.c. But if an excluded cause of loss that is listed in B.3.a. through B.3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions

Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph B.1. above to produce the loss or damage.

b. Acts Or Decisions

Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Negligent Work

Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;



- (2) Design, specifications, workmanship, work methods, repair, construction, renovation, remodeling, grading, compaction, failure to protect the property;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;
- of part or all of any property on or off the described premises.

4. Additional Exclusion

The following applies only to the property specified in this Additional Exclusion.

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

5. Business Income And Extra Expense Exclusions

a. We will not pay for:

- (1) Any "extra expense", or increase of "business income" loss, caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage.

- (2) Any other consequential loss.
- b. With respect to this exclusion, suspension means:
 - (1) The partial slowdown or complete cessation of your business activities; and
 - (2) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

6. Accounts Receivable Exclusion

The following additional exclusion applies to the Accounts Receivable Coverage Extension:

We will not pay for:

- a. Loss or damage caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.
- b. Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.
- c. Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

C. LIMITS OF INSURANCE

- 1. The most we will pay for loss or damage in any one occurrence is the applicable Limits of Insurance shown in the Declarations, except as otherwise provided in this Section.
- 2. At a described premises, if a Limit of Insurance is shown in the Declarations for Tenant Improvements and Betterments, that limit is separate from the Limit of Insurance shown for Business Personal Property and the Limit of Insurance applicable to Business Personal Property does not apply to Tenant Improvements and Betterments
- 3. The limits applicable to Additional Coverages are in addition to the Limits of Insurance only if so indicated in that Section of this Coverage Form.
- 4. The limits applicable to the Coverage Extensions are in addition to the Limits of Insurance.

19800000059314



INSURED COPY

MD 58866

5. Building Limit – Automatic Increase

- a. The Limit of Insurance for Buildings will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase is calculated as follows:
 - (1) Multiply the Building limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Building limit, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year, or the effective date of the most recent policy change amending the Building limit, divided by 365.

Example:

If: The applicable Building limit is \$100,000; and
 The annual percentage increase is 8%; and
 The number of days since the beginning of the policy year (or last policy change) is 146;

Then the amount of increase is:
 $\$100,000 \times .08 \times (146 / 365) = \$3,200.$

- c. The Automatic Increase percentage for Buildings will be the percentage shown in the Declarations. This percentage may change at each renewal date, unless a different percentage is selected by you.
- 6. Business Personal Property Limit – Automatic Increase**
- a. The Limit of Insurance for Business Personal Property will automatically increase by the annual percentage shown in the Declarations.
 - b. The amount of increase is calculated as follows:
 - (1) Multiply the Limit of Insurance that applied on the most recent of the policy inception date, the policy renewal date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of increase shown in the Declarations, expressed as a decimal (example: 2% is .02), times

- (3) The number of days since the beginning of the current policy year, or since the effective date of the most recent policy change amending the Business Personal Property limit, divided by 365.

Example:

If: The applicable limit is \$150,000; and
 The annual percentage increase is 3%; and
 The number of days since the beginning of the policy year (or last policy change) is 146;

Then the amount of increase is:
 $\$150,000 \times .03 \times (146 / 365) = \$1,800.$

- c. The Automatic Increase percentage for Business Personal Property will be the average annual Index shown in the Declarations. This percentage may change at each renewal date.

In no event will the Limit of Insurance be reduced unless you specifically request us to do so.

7. Business Personal Property Limit – Seasonal Increase

- a. Subject to paragraph 7.b., the Limit of Insurance for Business Personal Property is automatically increased by 25% to provide for seasonal variations.
- b. The increase described in paragraph 6.a. will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:
 - (1) The 12 months immediately preceding the date the loss or damage occurs; or
 - (2) The period of time you have been in business as of the date the loss or damage occurs.

D. DEDUCTIBLES

- 1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.
- 2. With respect to the exterior building glass of the location identified in the Declarations, the most we will deduct from any loss or damage to the exterior building glass in any one occurrence is \$250. The exterior building glass deductible of \$250 will be utilized for



any loss or damage to the exterior building glass regardless of the deductible amount for the scheduled property shown in the policy Declarations.

But this \$250 deductible will not increase the property deductible shown in the Declarations for the scheduled property. This \$250 deductible is in addition to all other deductibles.

Example:

- If: The amounts of loss to the damaged property are \$50,000 (building) and \$1,000 (exterior building glass); and
- The actual limit of insurance on the damaged property is \$200,000; and
- The property deductible shown in the policy declarations is \$1,000.

Based on the example information and the coverage language, the most we will pay for this claim is as follows:

Exterior Glass: \$1,000 (loss amount) - \$250 (exterior glass deductible) = \$750 (amount paid for loss).

Building: \$50,000 (loss amount) - \$750 (remaining deductible amount after the exterior glass deductible) = \$49,250 (amount paid for loss).

The most we will pay for this loss is \$50,000 (\$49,250 + \$750). The portion of the total loss that is not covered due to the application of each deductible documented above is \$1,000 (\$750 + \$250).

- 3. No deductible applies to the following Additional Coverages:
 - a. Fire Department Service Charge;
 - b. Fire Extinguisher Recharge;
 - c. Business Income;
 - d. Extra Expense;
 - e. Civil Authority; and
 - f. Arson Reward for Conviction.

E. PROPERTY LOSS CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser after receiving a written request from the other, and will advise the other party of the name of such appraiser within 20 days.

The two appraisers will select an umpire. If appraisers cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of property and the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss of or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
HOWEVER, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values, amount of loss claimed and a detailed description of each item.
- (6) As often as may be reasonably required, permit us to inspect the damaged property and examine your books and records, including financial records and tax returns.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis,

19800000059320



INSURED COPY

MD 58866

and permit us to make copies from your books and records.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
 - (9) Resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured or their employee under oath, while not in the presence of any other insured or employee, at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. At our option and expense, any examination under oath may be video or audio taped as well as being recorded by stenographic record. If a written transcript is prepared of the testimony, then at our request your answers under oath must be signed under penalty of perjury.

4. Legal Action Against Us

No one may bring a legal action against us under this insurance unless:

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within two year after the date on which the direct physical loss or damage occurred.

5. Loss Payment

In the event of loss or damage covered by this policy:

- a. At our option, we will either:
 - (1) Pay the value of lost or damaged property as described in e. below;
 - (2) Pay the cost of repairing or replacing the lost or damaged property;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of, or compliance with, any ordinance or law regulating the construction, use or repair of any property.

- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss, provided you have complied with all of the conditions set forth in paragraph 3. above.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. Except as provided in (2) through (9) below, we will determine the value of Covered Property as follows:

(1) At replacement cost without deduction for depreciation, subject to the following:

(a) We will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts, subject to E.5.b. above:

- (i) The Limit of Insurance under this policy that applies to the lost or damaged property;
- (ii) The cost to replace, on the same premises, the lost or damaged property with other property:

- i. Of comparable material and quality; and
- ii. Used for the same purpose; or

(iii) The amount that you actually spend that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the original premises.

- (b) You may make a claim for loss or damage covered by this insurance on an "actual cash value" basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an "actual cash value" basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
- (c) We will not pay on a replacement cost basis for any loss or damage:



- (i) Until the lost or damaged property is actually repaired or replaced; and
- (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

HOWEVER, if your loss qualifies for payment on a replacement cost basis and the cost of repair or replacement is \$5,000 or less, we will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation.

- (2) If the "Actual Cash Value – Buildings" option applies, as shown in the Declarations, paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at "actual cash value".
- (3) The following property at "actual cash value":
 - (a) Used or second-hand merchandise held in storage or for sale;
 - (b) Property of others, other than leased personal property you have a contractual responsibility to insure, but this property is not covered for more than the amount for which you are liable, plus the cost of labor, materials or services furnished or arranged by you on personal property of others;
 - (c) Household contents, except personal property in apartments or rooms furnished by you as landlord;
 - (d) Manuscripts; and
 - (e) Works of art, antiques or rare articles, including but not limited to etchings, pictures, statuary, marble, bronzes, porcelain and bric-a-brac.
- (4) Glass at the cost of replacement with safety glazing material if required by law.
- (5) Tenants' Improvements and Betterments at:
 - (a) Replacement cost if you make repairs promptly.
 - (b) A proportion of your original cost if you do not make repairs

promptly. We will determine the proportionate value as follows:

- (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
- (ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (c) Nothing if others pay for repairs or replacement.
- (6) Applicable only to Money and Securities Additional Coverage, and Employee Dishonesty Optional Coverage:
 - (a) "Money" at its face value and in general circulation; and
 - (b) "Securities" at their value at the close of business on the day the loss is discovered.
- (7) Applicable only to Accounts Receivable:
 - (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:
 - (i) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (ii) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
 - (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:

19800000059339



INSURED COPY

MD 58866

- (i) The amount of the accounts for which there is no loss or damage;
 - (ii) The amount of the accounts that you are able to reestablish or collect;
 - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (iv) All unearned interest and service charges.
- (8) "Stock" you have sold but not delivered at the selling price less expenses you otherwise would have had.
- (9) Business Income and Extra Expense:
- (a) We will determine the amount of a "business income" loss based on:
 - (i) The net income of your business before the direct physical loss or damage occurred;
 - (ii) The likely net income of your business if no physical loss or damage occurred, but not including any likely increase in net income attributable to an increase in the volume of business as a result of favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (iii) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (iv) Other relevant sources of information, including:
 - i. Financial records and accounting procedures;
 - ii. Bills, invoices and other vouchers; and
 - iii. Deeds, liens and contracts.
 - (b) We will determine the amount of "extra expense" based on:
 - (i) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage occurred. The following will be deducted from the total of such expenses:
 - i. The remaining salvage value of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - ii. Any "extra expense" that is paid for by other insurance;
 - (ii) All necessary expenses that reduce the "business income" loss that otherwise would have been incurred.
- f. Our payment for loss of or damage to property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- g. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- h. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this policy; and
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.
- i. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value



of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
- (ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

- (a) Vandalism;
- (b) Sprinkler leakage, unless you have protected the system against freezing;
- (c) Building glass breakage;
- (d) Water damage, including damage that is caused by or resulting from freezing;
- (e) Theft; or
- (f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in paragraphs (1)(a) through (1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

F. PROPERTY GENERAL CONDITIONS

The following conditions apply in addition to the COMMON POLICY CONDITIONS.

1. Control Of Property

6. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

HOWEVER if, at the time of loss, the amount of loss or damage to your property exceeded our Limit of Insurance and your property in excess of the Limit of Insurance was turned over to us, you retain your rights to recovery on such uninsured property. We will return to you a portion of any recovery on that property based upon the proportion of the loss in excess of our Limit of Insurance bears to the total loss.

7. Resumption Of Operations

We will reduce the amount of your:

- a. Loss payable under Business Income Additional Coverage, other than "extra expense", to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- b. Loss payable under Extra Expense Additional Coverage to the extent you can return "operations" to normal and discontinue such "extra expense".

8. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:

(a) When this policy is issued to a tenant, and with respect to that

19800000059348



INSURED COPY

MD 58866

If any person other than you has control of your property after a loss, a breach of these conditions by such a person, beyond your direction or control, will not be considered a breach of these conditions by you, and it will not affect this insurance.

The breach of any condition of this Coverage Form, other than the Concealment, Misrepresentation or Fraud Common Policy Condition, at any one or more locations will not affect coverage at any locations where, at the time of loss or damage, the breach of condition did not exist.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this policy at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this policy will then apply directly to the mortgageholder.
- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:
 - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

3. No Benefit To Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

4. Policy Period, Coverage Territory

Under this form:

- a. We cover loss or damage commencing:
 - (1) During the policy period shown in the Declarations; and
 - (2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.
- b. The coverage territory is:
 - (1) The United States of America (including its territories and possessions);
 - (2) Puerto Rico; and
 - (3) Canada.

G. OPTIONAL COVERAGES

If shown as applicable in the Declarations, the following Optional Coverages also apply. These Optional Coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below.

1. Employee Dishonesty Optional Coverage

- a. We will pay for:



- (1) Direct loss of or damage to Business Personal Property and "money" and "securities";
- (2) The legal obligation you have because of the theft or unauthorized use of your business credit, debit or charge cards issued to you or registered in your name or the name of your business;
- (3) Loss resulting from "fraudulent instruction" directing a financial institution to transfer, pay or deliver "money" or "securities" from your "transfer account"; or
- (4) Loss directly related to the use of any computer to fraudulently cause a transfer of covered property from inside the described premises to a person (other than a messenger) or place outside those premises;

resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you, your partner or an officer of a closely held corporation) with the manifest intent to:

- (1) Cause you to sustain loss or damage; and also
- (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (a) Any employee; or
 - (b) Any other person or organization.

b. We will not pay for loss or damage:

- (1) Resulting from any dishonest or criminal act that you, any of your partners, "members" or any officer of a closely held corporation commit whether acting alone or in collusion with other persons.
- (2) Resulting from any dishonest act committed by any of your employees (except as provided in paragraph a.), "managers" or directors:
 - (a) Whether acting alone or in collusion with other persons; or
 - (b) While performing services for you or otherwise.
- (3) The only proof of which as to its existence or amount is:
 - (a) An inventory computation; or

- (b) A profit and loss computation.
- c. The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Employee Dishonesty shown in the Declarations.
- d. All loss or damage:
 - (1) Caused by one or more persons; or
 - (2) Involving a single act or series of acts;
 is considered one occurrence.
- e. If any loss is covered:
 - (1) Partly by this insurance; and
 - (2) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;
 the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.
 We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid and regardless that previous policies were in effect, whether issued by us, any affiliated company or any other company, this coverage shall not be cumulative from year to year or period to period.
- f. This Employee Dishonesty Optional Coverage is cancelled as to any employee immediately upon discovery by:
 - (1) You; or
 - (2) Any of your partners, "members", "managers", officers or directors not in collusion with the employee;
 of any dishonest act committed by that employee before or after being hired by you.
- g. We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.
- h. If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:

19800000059357



INSURED COPY

MD 58866

- (1) This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and
 - (2) The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- i. The insurance under paragraph h. above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:
- (1) This Optional Coverage as of its effective date; or
 - (2) The prior insurance had it remained in effect.
- j. With respect to the Employee Dishonesty Optional Coverage in paragraph G.1., employee means:
- (1) Any natural person:
 - (a) While in your service or for 30 days after termination of service;
 - (b) Who you compensate directly by salary, wages or commissions; and
 - (c) Who you have the right to direct and control while performing services for you;
 - (2) Any natural person who is furnished temporarily to you:
 - (a) To substitute for a permanent employee as defined in paragraph (1) above, who is on leave; or
 - (b) To meet seasonal or short-term workload conditions;
 - (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in paragraph (2) above;
 - (4) Any natural person who is a former employee, director, partner, "member", "manager", representative or trustee retained as a consultant while performing services for you; or
 - (5) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody

of property outside any building you occupy in conducting your business.

But employee does not mean:

- (1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- (2) Any "manager", director or trustee except while performing acts coming within the usual duties of an employee.

2. Ordinance or Law Optional Coverages

a. The Coverage(s) provided by this Ordinance or Law Optional Coverage apply only if both paragraphs a.(1) and a.(2) are satisfied and are then subject to the qualifications set forth in a.(3).

- (1) The ordinance or law:
 - (a) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
 - (b) Is in force at the time of loss.

But this Ordinance or Law Optional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.
- (2) The building sustains direct physical damage:
 - (a) That is covered under this policy and such damage results in enforcement of, or compliance with, the ordinance or law; or
 - (b) That is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of, or compliance with, the ordinance or law.
 - (c) But if the damage is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Ordinance or Law Optional Coverage even if the building has also sustained covered direct physical damage.



- (3) In the situation described in a.(2)(b) above, we will not pay the full amount of loss otherwise payable under the terms of this Ordinance or Law Optional Coverage. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(Section f. of this Ordinance or Law Optional Coverage provides an example of this procedure.)

HOWEVER, if the covered direct physical damage alone would have resulted in enforcement of, or compliance with, the ordinance or law, then we will pay the full amount of loss otherwise payable under terms of this Ordinance or Law Optional Coverage.

b. Coverage 1 - Loss to the Undamaged Portion of Building

When the Declarations show that Ordinance or Law - Coverage 1 applies at a described building and if a Covered Cause of Loss occurs to covered Building property, we will pay for the loss in value of the undamaged portion of the building as a consequence of enforcement of or compliance with an ordinance or law that requires demolition of undamaged parts of the same building.

This Coverage 1 of Ordinance or Law Optional Coverage is included within the Limit of Insurance shown in the Declarations as applicable to the covered Building property. This portion of the Ordinance or Law Optional Coverage does not increase the Limit of Insurance.

c. Coverage 2 - Demolition Cost and Broadened Increased Cost of Construction

When the Declarations show that Ordinance or Law - Coverage 2 applies at a described building and if a Covered Cause of Loss occurs to covered Building property:

- (1) We will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of, or compliance with, an ordinance or law that requires demolition of such undamaged property; and

- (2) We will pay the increased cost to repair or reconstruct damaged portions of the building; and/or reconstruct or remodel undamaged portions of that building, whether or not demolition is required when the increased cost is a consequence of enforcement or compliance with the minimum requirements of the ordinance or law.

HOWEVER, we will not pay for the increased costs to reconstruct or remodel undamaged portions of that Building property:

- (a) Unless the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law; or
- (b) If the building is not repaired, reconstructed or remodeled.

Paragraph e. of 5. Loss Payment under Section E. PROPERTY LOSS CONDITIONS does not apply.

The most we will pay for the total of all covered losses under this Coverage 2 of Ordinance or Law Optional Coverage, in any one occurrence is the Limit of Insurance shown in the Declarations.

The \$25,000 Limit of Insurance for Increased Cost of Construction – Damaged Property Additional Coverage remains available for damaged property and is separate from the Limit of Insurance shown in the Declarations for Ordinance or Law Optional Coverage 2.

This portion of the Ordinance or Law Optional Coverage is in addition to the Limits of Insurance.

d. Additional Terms and Conditions of Ordinance or Law

- (1) The terms of this Ordinance or Law Optional Coverage apply separately to each building to which this Optional Coverage applies.
- (2) With respect to this Ordinance or Law Optional Coverage, we will not pay for:
 - (a) Enforcement of, or compliance with, any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by

19800000059366



INSURED COPY

MD 58866

"pollutants" or due to the presence, growth, proliferation, spread of any activity of "fungi", wet or dry rot or bacteria; or

- (b) The costs associated with the enforcement of or compliance with any ordinance, law, rule, or regulation which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet or dry rot or bacteria.

(3) Under this Ordinance or Law Optional Coverage, we will not pay for loss due to any ordinance or law that:

- (a) You were required to comply with before the loss, even if the building was undamaged; and
- (b) You failed to comply with.

(4) Loss Payment

(a) When Coverage 1 applies, loss payment for that building, including damaged and undamaged portions, will be determined as follows:

- (i) If the property is repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
 - i. The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same described premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - ii. The Limit of Insurance applicable to the covered Building property.
- (ii) If the property is not repaired or replaced, we will not pay more than the lesser of:
 - i. The "actual cash value" of the building at the time of loss; or

ii. The Limit of Insurance applicable to the covered Building property.

(b) When Coverage 2 applies, the most we will pay for the total of all covered losses for Demolition Cost and Broadened Increased Cost of Construction is the Limit of Insurance for Coverage 2.

Subject to this Limit of Insurance, the following loss payment provisions apply:

- (i) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described building.
- (ii) With respect to Broadened Increased Cost of Construction:
 - i. We will not pay for the increased cost of construction until the property is actually repaired or replaced, at the same or another premises; and
 - ii. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (iii) If the building is repaired or replaced at the same described premises, or if you elect to rebuild at another premises, the most we will pay under Coverage 2 is the increased cost of construction at the same described premises.
 - (iv) If the ordinance or law requires relocation to another premises, the most we will pay under Coverage 2 is the increased cost of construction at the new premises.

e. This Ordinance or Law Optional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such exclusion would conflict



with the provisions of this Optional Coverage.

- f. Example of Proportionate Loss Payment for Ordinance or Law Coverage Losses (procedure as set forth in Section a.(3) of this Ordinance or Law Optional Coverage).

Assume:

- Wind is a Covered Cause of Loss. Flood is an excluded Cause of Loss;
- The building has a value of \$200,000;
- Total direct physical damage to building: \$100,000;
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value;
- Portion of direct physical damage that is covered (caused by wind): \$30,000;
- Portion of direct physical damage that is not covered (caused by flood): \$70,000; and
- Loss under Ordinance or Law Coverage 2 of this endorsement: \$60,000.

Step 1: Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$\$30,000 \text{ divided by } \$100,000 = .30$

Step 2: Apply that proportion to the Ordinance or Law loss.

$\$60,000 \times .30 = \$18,000$

In this example, the most we will pay under this endorsement for the Coverage 2 loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

NOTE: The same procedure applies to losses under Coverage 1 of this endorsement.

3. **Optional Amendment of Coverage - Exclude Theft**

When "Excluding Theft" is stated in the Declarations after Business Personal Property coverage, then under:

- a. Paragraph 3. of Section B. EXCLUSIONS, the following exclusion is added:

Theft

Theft or attempted theft resulting in loss of or damage to Business Personal Property.

- b. The Money and Securities Additional Coverage, paragraph (1)(a) is deleted.

H. **PROPERTY DEFINITIONS**

The terms "you", "your", "we", "us", "our" and "insured" are defined in the Preamble of this Coverage Form. The following words or phrases, which appear in quotation marks throughout this Coverage Form and any of its endorsements, are defined as follows:

1. **"Accident"** means a fortuitous event that causes direct physical damage to "covered equipment". The event must be one of the following:
 - a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - b. Artificially generated electrical, magnetic or electromagnetic energy, including electric arcing, that damages, disturbs, disrupts or otherwise interferes with any electrical or electronic wire, device, appliance, system or network;
 - c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - d. Loss of or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
2. **"Actual Cash Value"** means the cost to repair or replace Covered Property, at the time of loss or damage, whether that property has sustained partial or total loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence.
3. **"Business Income"** means the:
 - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; plus

19800000059375



INSURED COPY

MD 58866

- b. Necessary continuing normal operating expenses incurred, while "operations" are suspended, including payroll.
- 4. **"Computer"** means:
 - a. Programmable electronic equipment that is used to store, retrieve and process data; and
 - b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" includes those used to operate production type machinery or equipment.

- 5. **"Counterfeit money"** means an imitation of "money" that is intended to deceive and to be taken as genuine.
- 6. **"Covered equipment"** means Covered Property:

- a. That generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
- b. Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

None of the following is "covered equipment":

- a. Structure, foundation, cabinet, compartment or air supported structure or building;
- b. Insulating or refractory material;
- c. Sewer piping, underground vessels or piping, piping forming a part of a sprinkler system or water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- d. Dragline, excavation or construction equipment;
- e. Equipment manufactured by you for sale; or
- f. Vehicle, aircraft or floating vessel or any equipment mounted on such vehicle, aircraft or floating vessel. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power supplier will not be considered a vehicle, aircraft or floating vessel.
- 7. **"Dependent property"** means property owned or operated by others, not including any described premises, on whom you depend on to:

- a. Deliver materials or services to you, or to others for your account. Services does not include water supply services, water removal services, steam, fuel, communication, or power supply services.
- b. Purchase your products or services.
- c. Manufacture products for delivery to your customers under contract of sale.
- d. Attract customers to your business. But this does not include firms in the business of promoting or advertising your business.

The "Dependent property" must be located in the coverage territory of this policy.

HOWEVER, "Dependent property" does not mean any property owned or operated by others on whom you depend on to provide internet services; web hosting services; internet hosting services; space on any server, computer, computer system, or other similar equipment; web pages; social media or networking services; or similar services.

- 8. **"Electronic data"** means information, facts or "computer" programs stored as or on, created or used on, or transmitted to or from "computer" software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of "computer" software which are used with electronically controlled equipment. The term "computer" programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a "computer" or device connected to it, which enable the "computer" or device to receive, process, store, retrieve or send data.
- 9. **"Extra Expense"** means expense incurred:
 - a. To avoid or minimize the suspension of business and to continue "operations":
 - (1) At the described premises; or
 - (2) At replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary locations.
 - b. To minimize the suspension of business if you cannot continue "operations".
 - c. To:
 - (1) Repair or replace any property; or
 - (2) Research, replace or restore the lost information on damaged "valuable papers and records";



to the extent it reduces the amount of loss that otherwise would have been payable under the Extra Expense Additional Coverage or the Business Income Additional Coverage.

- 10. **"Fraudulent instruction"** means:
 - a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
 - b. A written instruction (other than those described in Paragraph A.5.k.) issued by you, which was forged or altered by someone other than you without your knowledge or consent or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent;
- 11. **"Fungi"** means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 12. **"Hazardous substance"** means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.
- 13. **"Manager"** means a person serving in a directorial capacity for a limited liability company.
- 14. **"Member"** means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
- 15. **"Money"** means:
 - a. Currency, coins and bank notes whether or not in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
- 16. **"Operations"** mean your business activities occurring at the described premises.
- 17. **"Ordinary payroll expenses"** mean payroll expenses for all your employees except:
 - a. Officers;
 - b. Executives;
 - c. Department Managers;
 - d. Employees under contract; and
 - e. Additional Exemptions shown in the Declarations as:
 - (1) Job Classifications; or
 - (2) Employees.

Ordinary payroll expenses include:

- a. Payroll;
- b. Employee benefits, if directly related to payroll;
- c. FICA payments you pay;
- d. Union dues you pay; and
- e. Workers' compensation premiums.

18. **"Period of restoration"** means:

- a. For other than the Dependent Properties – Business Income Additional Coverage and Business Income and Extra Expense – Increased Period of Restoration Due to Ordinance or Law Coverage Extension:
 - (1) The period of time that:
 - (a) Begins the number of hours shown in the Declarations after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
 - (b) Ends on the earlier of:
 - (i) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (ii) The date when business is resumed at a new permanent location.
 - (2) "Period of restoration" does not include any increased period required due to the enforcement of, or compliance with, any ordinance or law that:
 - (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".
 - (3) The expiration date of this policy will not cut short the "period of restoration".
- b. For Business Income and Extra Expense – Increased Period of Restoration Due to Ordinance or Law Coverage Extension:
 - (1) The period of time that:
 - (a) Begins:

19800000059384



INSURED COPY

MD 58866

- (i) At the time of direct physical loss or damage for Business Income Additional Coverage; or
- (ii) Immediately after the time of direct physical loss or damage for Extra Expense Additional Coverage; caused by or resulting from any Covered Cause of Loss at the described premises; and
- (b) Ends on the earlier of:
 - (i) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (ii) The date when business is resumed at a new permanent location.
- (2) "Period of restoration" includes any increased period required to repair or reconstruct the property to conform with the minimum standards or any ordinance or law, in force at the time of loss, that regulates the construction or repair, or requires the tearing down of any property.
- (3) The expiration date of this policy will not cut short the "period of restoration".
- c. For Dependent Properties Additional Coverage:
 - (1) The period of time that:
 - (a) Begins:

24 hours after the time of direct physical loss or damage for Business Income Additional Coverage caused by or resulting from any Covered Cause of Loss at the premises of the "dependent property"; and
 - (b) Ends on the earlier of:
 - (i) The date when the property at the premises of the "dependent property" should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (ii) The date when your business is resumed at a permanent new location.
 - (2) "Period of restoration" does not include any increased period required

due to the enforcement of, or compliance with, any ordinance or law that:

- (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".

- (3) The expiration date of this policy will not cut short the "period of restoration".

19. **"Perishable goods"** mean personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

20. **"Pollutants"** mean any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, petroleum products and their derivatives, chemicals and waste. Such irritants or contaminants are "pollutants" whether or not they have any function in your business, operations, premises, sites or locations.

Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed and livestock, poultry or other animal excrement.

21. **"Secondary dependent property"** means an entity which is not owned or operated by a Dependent property and which:

- a. Delivers materials or services to a dependent property, which in turn are used by the Dependent property in providing materials or services to you; or
- b. Accepts materials or services from a Dependent property, which in turn accepts your materials or services.

A road, bridge, tunnel, waterway, airfield, pipeline or any other similar area or structure is not a Secondary dependent property.

Any property which delivers any of the following services is not a Secondary dependent property with respect to such services:

- (i) Water supply services;
- (ii) Wastewater removal services;
- (iii) Communication supply services; or
- (iv) Power supply services.



The Secondary dependent property must be located in the coverage territory of this policy: HOWEVER, "Secondary Dependent Property" does not mean any property owned or operated by others on whom you depend on to provide internet services; web hosting services; internet hosting services; space on any server, computer, computer system, or other similar equipment; web pages; social media or networking services; or similar services.

22. **"Securities"** mean negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) whether or not in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money" or lottery tickets held for sale.

23. **"Specified Causes of Loss"** means the following:

Fire; lightning; explosion, windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
- b. Falling objects does not include loss of or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means:
 - (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any

part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam; and

- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in c.(1) or c.(2) of this definition of "specified causes of loss", such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the ground surface.

- 24. **"Stock"** means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.
- 25. **"Transfer account"** means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "money" and "securities":
 - a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
 - b. By means of written instructions (other than those described in Paragraph A.5.k.) establishing the conditions under which

19800000059393



INSURED COPY

MD 58866

such transfers are to be initiated by such financial institution through an electronic funds transfer system.

26. **"Valuable papers and records"** mean inscribed, printed, or written:

a. Documents;

b. Manuscripts; and

c. Records;

including abstracts, books, deeds, drawings, films, maps or mortgages.

HOWEVER, "valuable papers and records" does not mean "money" or "securities".

All terms and conditions of this policy apply unless modified by this endorsement.



PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

TABLE OF CONTENTS

I. COVERAGES	2
COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY	2
INSURING AGREEMENT	2
EXCLUSIONS	3
TENANTS PROPERTY DAMAGE LEGAL LIABILITY.....	10
COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY	11
INSURING AGREEMENT	11
EXCLUSIONS	11
COVERAGE C – MEDICAL PAYMENTS	15
INSURING AGREEMENT	15
EXCLUSIONS	15
SUPPLEMENTARY PAYMENTS – COVERAGES A AND B	16
II. WHO IS AN INSURED	17
Automatic Additional Insureds	18
Co-Owners of Insured Premises.....	18
Controlling Interest.....	18
Grantor of Franchise or License	18
Lessors of Leased Equipment	18
Managers or Lessors of Leased Premises	19
Mortgagee, Assignee or Receiver	19
Owners or Other Interest from Whom Land has been Leased.....	19
State or Political Subdivisions - Permits Relating to Premises.....	19
III. LIMITS OF INSURANCE AND DEDUCTIBLE.....	19
General Aggregate Limit of Insurance (Other than Products-Completed Operations).....	19
Products-Completed Operations Aggregate Limit of Insurance	19
Personal and Advertising Injury Limit of Insurance.....	20
Each Occurrence Limit of Insurance.....	20
Tenants Property Damage Legal Liability Limit of Insurance	20
Medical Payments Limit of Insurance	20
Property Damage Deductible.....	20
IV. LIABILITY CONDITIONS	20
Bankruptcy	20
Duties In The Event Of Occurrence, Offense, Claim Or Suit.....	20
Legal Action Against Us	21
Separation Of Insureds	21
V. DEFINITIONS	21

19800000059402



INSURED COPY

MD 58866

PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Please read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance. The word "insured" means any person or organization qualifying as such under Section II. WHO IS AN INSURED. Other words and phrases that appear in quotation marks have special meaning. Please refer to Section V. DEFINITIONS.

I. COVERAGES

A. COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. INSURING AGREEMENT

- a. We will pay those sums up to the applicable Limit of Insurance that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages for which there is coverage under this policy. HOWEVER, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply.

We may, at our sole discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III. LIMITS OF INSURANCE; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under COVERAGES A or B or medical expenses under COVERAGE C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS – COVERAGES A AND B.

- b. This insurance applies to "bodily injury" and "property damage" only if:
 - (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and

- (2) The "bodily injury" or "property damage" occurs during the policy period; and
- (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II. WHO IS AN INSURED and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II. WHO IS AN INSURED or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II. WHO IS AN INSURED or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
 - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;



- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
 - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. EXCLUSIONS

This insurance, including any duty we have to defend "suits", does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by the insured.

This exclusion applies even if the resulting "bodily injury" or "property damage":

- (1) Is of a different kind, quality or degree than initially expected or intended; or
- (2) Is sustained by a different person, entity, real property, or personal property than that initially expected or intended.

HOWEVER, this exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be

damages because of "bodily injury" or "property damage", provided:

- (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
- (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by an insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

This exclusion applies only if you:

- (1) Manufacture, sell or distribute alcoholic beverages;
- (2) Serve or furnish alcoholic beverages for a charge whether or not such activity:
 - (a) Requires a license; or
 - (b) Is for the purpose of financial gain or livelihood; or
- (3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

19800000059411



INSURED COPY

MD 58866

For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

d. Laws

Any liability or legal obligation of any insured with respect to "bodily injury" or "property damage" arising out of any of the following:

- (1) Any federal, state, county, municipal or local law, ordinance, order, directive or regulation barring discrimination, including but not limited to those based on race, color, national origin, ancestry, citizenship, gender, sexual orientation, marital status, religion or religious belief, age, economic status, income, medical condition, pregnancy, parenthood or mental or physical disability;
- (2) Any workers' compensation, unemployment compensation, disability benefits law, or any other statutory benefits law;
- (3) The Migrant and Seasonal Agricultural Worker Protection Act;
- (4) Any state, federal or governmental antitrust statute or regulation, including but not limited to the Racketeer Influenced and Corrupt Organizations Act (RICO), the Securities Act of 1933, the Securities Exchange Act of 1934, or any state Blue Sky law;
- (5) The Employees' Retirement Income Security Act (E.R.I.S.A.) of 1974; or
- (6) Any other similar statutes, ordinances, orders, directives or regulations.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
 - (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. HOWEVER, this subparagraph does not apply to:
 - (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify that building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
 - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";



- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or
- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor.

HOWEVER, this subparagraph does not apply to:

- (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

- (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

HOWEVER, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

1980000059427



INSURED COPY

MD 58866

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

HOWEVER, this exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of:
 - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or
 - (b) The operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by government authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Other than damage by the Covered Causes of Loss provided under Tenants Property Damage Legal Liability, paragraphs (1), (3) and (4) of this exclusion do not apply to



"property damage" to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Tenants Property Damage Legal Liability as described in Section III. LIMITS OF INSURANCE.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product", arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

HOWEVER, this exclusion does not apply if the damaged work, or the work out of which the damage arises, was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

p. Bodily Injury To Any Insured

"Bodily injury" to:

- (1) Any insured, except "volunteer workers"; or
- (2) Any insured whenever the ultimate benefits of any indemnification will accrue directly or indirectly to any insured or the heirs of any insured.

q. Damage To Named Insured's Property

Any claim or "suit" for "property damage" by you or on your behalf against any other person or organization that is also a Named Insured under this policy.

r. Abuse or Molestation

"Bodily injury" or "property damage" arising out of:

- (1) The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured; or
- (2) The negligent:
 - (a) Employment;
 - (b) Investigation;
 - (c) Supervision;
 - (d) Reporting to the proper authorities, or failure to so report; or
 - (e) Retention;

of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph (1) above.

s. Asbestos, Electromagnetic, Lead or Radon

"Bodily injury" or "property damage" arising out of:

- (1) Asbestos including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence,

1980000059436



INSURED COPY

MD 58866

detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of asbestos or any other duty involving asbestos;

- (2) Electromagnetic emissions or radiation including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of electromagnetic emissions or radiation or any other duty involving electromagnetic emissions or radiation;
- (3) Lead including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of lead or any other duty involving lead; or
- (4) Radon or any other radioactive emissions, manmade or natural, including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of radon or any other radioactive emissions or any other duty involving radon or other radioactive emissions.

t. Employment Practices

"Bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the

employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

u. Fiduciary Responsibility

"Bodily injury" or "property damage" arising out of the ownership, maintenance or use, including all related operations, of property in relation to which you or any insured is acting in any fiduciary or representative capacity. This exclusion does not apply if you are a trust, as described in Section II. WHO IS AN INSURED.

v. Professional Services

"Bodily injury" or "property damage" that arises out of or is a result of the rendering of, or failure to render, any professional service, treatment, advice or instruction. This exclusion includes, but is not limited to, any:

- (1) Legal, accounting, insurance, real estate, financial, advertising or consulting service, advice or instruction;
- (2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- (3) Supervisory, inspection, engineering, or architectural service, advice or instruction;
- (4) Medical, surgical, psychiatric, chiropractic, chiropody, physiotherapy, osteopathy, acupuncture, dental, x-ray, nursing or any other health service, treatment, advice or instruction;
- (5) Any psychological therapy or any other counseling or mental health service, treatment, advice or instruction;



- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming, including but not limited to cosmetology, tonsorial, tattooing, tanning or massage;
- (7) Optometry or optical or hearing aid service, treatment, advice or instruction, including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Ear or other body piercing service, treatment, advice or instruction;
- (9) Service, treatment, advice or instruction in the practice of pharmacy; or
- (10) Electronic data processing, computer consulting or computer programming services, advice or instruction.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the rendering or failure to render of any professional service.

w. Testing, Evaluating or Consulting

"Bodily injury" or "property damage" arising out of:

- (1) An error, omission, defect or deficiency:
 - (a) In any test performed, or any evaluation, consultation or advice given by or on behalf of you or any insured; or
 - (b) In experimental data or the insured's interpretation of that data.
- (2) The reporting of or reliance upon any such test, evaluation, consultation or advice.

x. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

y. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

HOWEVER, this exclusion does not apply to liability for damages because of "bodily injury".

z. Silica, Silica-Related Dust or Talc

- (1) "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica", "silica-related dust" or "Talc".

1980000059445



INSURED COPY

MD 58866

- (2) "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" , "silica-related dust" or "Talc".
- (3) Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" , "silica-related dust" or "Talc", by any insured or by any other person or entity.

aa. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability

- (1) Damages, other than damages because of "personal and advertising injury", arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph 1. or 2. above.

HOWEVER, unless Paragraph 1. above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing

description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

ab. Fungi or Bacteria

- (1) "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for:
 - (a) The actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents; or
 - (b) The failure to warn or to disclose the presence of "fungi" or bacteria;

regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

- (2) Any loss, cost or expenses arising out of the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

HOWEVER, this exclusion does not apply to any "fungi" or bacteria that are, are on or are contained in, a good or product intended for bodily digestion.

3. TENANTS PROPERTY DAMAGE LEGAL LIABILITY

Certain Exclusions Not Applicable

Exclusions c. through n., p., q., r., t., u., v. and w. do not apply to "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner, if such "property damage" arises out of a Covered Cause Of Loss provided under the BUSINESSOWNERS PROPERTY COVERAGE FORM. A separate limit of insurance, called Tenants Property Damage Legal Liability Limit, applies to this coverage as described in Section III. LIMITS OF INSURANCE.



B. COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY

1. INSURING AGREEMENT

a. We will pay those sums up to the applicable Limit of Insurance that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages for which there is coverage under this policy.

HOWEVER, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply.

We may, at our sole discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III. LIMITS OF INSURANCE; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under COVERAGES A or B or medical expenses under COVERAGE C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS – COVERAGES A AND B.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. EXCLUSIONS

This insurance, including any duty we have to defend "suits", does not apply to personal and advertising injury:

a. Knowing Violation Of Rights Of Another

Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Act

Arising out of a criminal act committed by or at the direction of any insured or a criminal act committed by another for which any insured is held to be vicariously liable.

HOWEVER, this exclusion does not apply to "personal injury" resulting from the use of reasonable force to protect persons or property.

e. Contractual Liability

For which the insured has assumed liability in a contract or agreement. HOWEVER, this exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach of Contract

Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Price

Arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement."

HOWEVER, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

1980000059454



INSURED COPY

MD 58866

j. Insureds In Media And Internet Type Business

Committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web-sites for others; or
- (3) An Internet search, access, content or service provider.

HOWEVER, this exclusion does not apply to Paragraphs a., b. and c. of the definition of "personal and advertising injury" under Section V. DEFINITIONS.

k. Electronic Chatrooms Or Bulletin Boards

Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers.

m. Pollution

Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-Related

With respect to any loss, cost or expense arising out of any:

- (1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

o. War

However caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by government authority in hindering or defending against any of these.

p. Recording and Distribution Of Material In Violation Of Law

Arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

q. Laws

Any liability or legal obligation of any insured arising out of any of the following:

- (1) Any federal, state, county, municipal or local law, ordinance, order, directive or regulation barring discrimination, including but not limited to those based on race, color, national origin, ancestry, citizenship, gender, sexual orientation, marital status, parenthood, religion or religious belief, age, economic status,



income, medical condition, pregnancy, or mental or physical disability;

- (2) Any workers' compensation, unemployment compensation, disability benefits law, or any other statutory benefits law;
- (3) The Migrant and Seasonal Agricultural Worker Protection Act;
- (4) Any state, federal or governmental antitrust statute or regulation, including but not limited to the Racketeer Influenced and Corrupt Organizations Act (RICO), the Securities Act of 1933, the Securities Exchange Act of 1934, or any state Blue Sky law;
- (5) The Employees' Retirement Income Security Act (E.R.I.S.A.) of 1974; or
- (6) Any other similar statutes, ordinances, orders, directives or regulations.

r. **Abuse or Molestation**

Arising out of:

- (1) The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured; or
- (2) The negligent:
 - (a) Employment;
 - (b) Investigation;
 - (c) Supervision;
 - (d) Reporting to the proper authorities, or failure to so report; or
 - (e) Retention;
 of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph (1) above.

s. **Employment Practices**

To:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or

discrimination directed at that person.

- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

t. **Asbestos, Electromagnetic, Lead or Radon**

Arising out of:

- (1) Asbestos including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of asbestos or any other duty involving asbestos;
- (2) Electromagnetic emissions or radiation including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of electromagnetic emissions or radiation or any other duty involving electromagnetic emissions or radiation;
- (3) Lead including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of lead or any other duty involving lead; or
- (4) Radon or any other radioactive emissions, manmade or natural,

1980000059463



INSURED COPY

MD 58866

including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of radon or any other radioactive emissions or any other duty involving radon or other radioactive emissions.

u. Fiduciary Responsibility

That arises out of the ownership, maintenance or use, including all related operations, of property in relation to which you or any insured is acting in any fiduciary or representative capacity This exclusion does not apply if you are; a trust, as described in Section II. WHO IS AN INSURED.

v. Professional Services

That arises out of or is a result of the rendering of, or failure to render, any professional service, treatment, advice or instruction. This exclusion includes, but is not limited to any:

- (1) Legal, accounting, insurance, real estate, financial, advertising or consulting service, advice or instruction;
- (2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- (3) Supervisory, inspection, engineering, or architectural service, advice or instruction;
- (4) Medical, surgical, psychiatric, chiropractic, chiropody, physiotherapy, osteopathy, acupuncture, dental, x-ray, nursing or any other health service, treatment, advice or instruction;
- (5) Any psychological therapy or any other counseling or mental health service, treatment, advice or instruction;
- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming, including but not limited to cosmetology, tonsorial, tattooing, tanning or massage;
- (7) Optometry or optical or hearing aid service, treatment, advice or

instruction, including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

- (8) Ear or other body piercing service, treatment, advice or instruction;
- (9) Service, treatment, advice or instruction in the practice of pharmacy; or
- (10) Electronic data processing, computer consulting or computer programming services, advice or instruction.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the offense which caused the "personal and advertising injury" involved the rendering or failure to render of any professional service.

w. Testing, Evaluation or Consulting

Arising out of:

- (1) An error, omission, defect or deficiency:
 - (a) In any test performed, or any evaluation, consultation or advice given by or on behalf of you or any insured; or
 - (b) In experimental data or the insured's interpretation of that data.
- (2) The reporting of or reliance upon any such test, evaluation, consultation or advice.

x. Silica, Silica-Related Dust or Talc

"Personal and Advertising Injury" arising, in whole or in part, out of:

- (a) The actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica", "silica-related dust" or "Talc".
- (b) Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica", "silica-related dust" or "Talc" by any insured or by any other person or entity.



y. **Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

"Personal and advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

z. **Fungi or Bacteria**

- (1) "Personal and advertising injury" which would not have occurred, in whole or in part, but for:
 - (a) The actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents; or
 - (b) The failure to warn or to disclose the presence of "fungi" or bacteria; regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- (2) Any loss, cost or expenses arising out of the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

C. **COVERAGE C – MEDICAL PAYMENTS**

1. **INSURING AGREEMENT**

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
 - (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations; provided that:
 - (1) The accident takes place in the "coverage territory" and during the policy period;
 - (2) The expenses are incurred and reported to us within one year of the date of the accident; and
 - (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
 - (1) First aid administered at the time of an accident;
 - (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. **EXCLUSIONS**

We will not pay expenses for "bodily injury":

- a. **Any Insured**
To any insured, except "volunteer workers".
- b. **Hired Person**
To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. **Injury On Normally Occupied Premises**
To a person injured on that part of premises you own or rent that the person normally occupies.
- d. **Workers Compensation And Similar Laws**
To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
- e. **Athletic Activities**
To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.

1980000059472



INSURED COPY

MD 58866

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under COVERAGE A.

D. SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
 - a. All expenses we incur.
 - b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
 - c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
 - d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
 - e. All court costs taxed against the insured in the "suit". HOWEVER, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
 - f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
 - g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
 - a. The "suit" against the indemnitee seeks damages for which the insured has

assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:
 - (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (2) Provides us with written authorization to:
 - (a) Obtain records and other information related to the "suit"; and
 - (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I. COVERAGE, A. COVERAGE A – BODILY INJURY AND



PROPERTY DAMAGE LIABILITY, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

II. WHO IS AN INSURED

1. If you are:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. A trust, you are an insured. Your trustee or co-trustees are also insureds, but only with respect to their duties as a trustee in connection with your property, operations and activities.
- e. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing

duties related to the conduct of your business.

HOWEVER, none of these "employees" or "volunteer workers" is an insured for:

- (1) "Bodily injury" or "personal and advertising injury":
 - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
 - (d) Arising out of his or her providing or failing to provide professional health care services.
- (2) "Property damage" to property:
 - (a) Owned, occupied or used by; or
 - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and

19800000059481



INSURED COPY

MD 58866

- (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.
- 3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization.

HOWEVER:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- b. COVERAGE A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. COVERAGE B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.
- 4. No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

5. Automatic Additional Insureds

Any of the following persons or organizations are automatically insureds when you and such person or organization have agreed in a written contract or agreement that such person or organization be added as an additional insured on your policy providing general liability coverage.

HOWEVER, the insurance afforded to any of the following additional insureds only applies to the extent permitted by law and will not be broader than that which you are required by the contract or agreement to provide for any of the following additional insureds.

a. Co-Owners of Insured Premises

Any person or organization with whom you co-own a premises insured under this policy is an additional insured, but only with respect to their liability as the co-owner of such premises.

HOWEVER, their status as additional insured under this policy ends when you cease to co-own such premises with that person or organization.

b. Controlling Interest

Any person or organization that has a controlling interest in you is an additional insured, but only with respect to liability arising out of:

- (1) Their financial control of you; or
- (2) Their ownership, maintenance or control of premises you lease or occupy;

subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to structural alterations, new construction or demolition operations performed by or for such person or organization.

HOWEVER, their status as additional insured under this policy ends when they cease to have such controlling interest in you.

c. Grantor of Franchise or License

Any person or organization that has granted you a franchise or license by written contract or agreement is an additional insured, but only with respect to their liability as the grantor of a franchise or license to you.

HOWEVER, their status as additional insured under this policy ends when their contract or agreement with you granting the franchise or license ends.

d. Lessors of Leased Equipment

Any person or organization from whom you lease equipment by written contract or agreement is an additional insured, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of the equipment leased to you by that person or organization, subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to "bodily injury" or "property damage" arising out of, in whole or in part, or results from, in whole or in part, the active negligence of such person or organization.



HOWEVER, their status as additional insured under this policy ends when their contract or agreement with you for such leased equipment ends.

e. Managers or Lessors of Leased Premises

Any person or organization from whom you lease premises is an additional insured, but only with respect to their liability arising out of your use of that part of the premises leased to you, subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to structural alterations, new construction or demolition operations performed by or for such person or organization.

HOWEVER, their status as additional insured under this policy ends when you cease to be a tenant of such premises.

f. Mortgagee, Assignee or Receiver

Any person or organization who has status as mortgagee, assignee or receiver of your property is an additional insured, but only with respect to their liability as mortgagee, assignee or receiver arising out of your ownership, maintenance, or use of such premises, subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to structural alterations, new construction or demolition operations performed by or for such person or organization.

HOWEVER, their status as additional insured under this policy ends when their status as mortgagee, assignee or receiver ends.

g. Owners or Other Interest from Whom Land has been Leased

Any person or organization from whom you lease premises is an additional insured, but only with respect to their liability arising out of your maintenance or use of that part of the land leased to you, subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to structural alterations, new construction or demolition operations performed by or for such person or organization.

HOWEVER, their status as additional insured under this policy ends when you cease to lease that land.

h. State or Political Subdivisions - Permits Relating to Premises

Any state or political subdivision which has issued a permit in connection with premises insured by this policy which you own, rent, or control is an additional insured, but only with respect to the following hazards:

- (1) The existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoistaway openings, sidewalk vaults, street banners, or decoration and similar exposures;
- (2) The construction, erection, or removal of elevators; or
- (3) The ownership, maintenance, or use of any elevators covered by this insurance.

HOWEVER, their status as additional insured under this policy ends when the permit ends.

III. LIMITS OF INSURANCE AND DEDUCTIBLE

- 1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
- 2. **General Aggregate Limit of Insurance (Other than Products-Completed Operations)**
The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under COVERAGE C;
 - b. Damages under COVERAGE A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
 - c. Damages under COVERAGE B.

The General Aggregate Limit applies separately to each of your described premises. For the purposes of this provision, premises means involving the same or connecting lots, or premises whose connection is interrupted only by a public

19800000059490



INSURED COPY

MD 58866

street, roadway or waterway, or railroad right-of-way.

3. Products-Completed Operations Aggregate Limit of Insurance

The Products-Completed Operations Aggregate Limit is the most we will pay under COVERAGE A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

4. Personal and Advertising Injury Limit of Insurance

Subject to paragraph 2. above, the Personal and Advertising Injury Limit is the most we will pay under COVERAGE B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

5. Each Occurrence Limit of Insurance

Subject to paragraph 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

- a. Damages under COVERAGE A; and
- b. Medical expenses under COVERAGE C; because of all "bodily injury" and "property damage" arising out of any one "occurrence".

6. Tenants Property Damage Legal Liability Limit of Insurance

Subject to paragraph 5. above, the Tenants Property Damage Legal Liability Limit is the most we will pay under COVERAGE A for damages because of all "property damage" to premises, while rented to you or temporarily occupied by you with permission of the owner, arising out of any one "occurrence".

7. Medical Payments Limit of Insurance

Subject to paragraph 5. above, the Medical Payments Limit is the most we will pay under COVERAGE C for all medical expenses because of "bodily injury" sustained by any one person.

8. The Limits of Insurance of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

9. Property Damage Deductible

If a deductible amount is shown in the Liability Declarations, the following provisions apply:

- a. If a deductible amount for Property Damage is shown in the Liability Declarations, any obligation by us under this policy to pay sums on your behalf because of "property damage", applies only to sums in excess of the deductible amount shown in the Declarations for any one "occurrence".
- b. If a deductible amount for Car Wash Property Damage is shown in the Liability Declarations, any obligation by us under this policy to pay sums on your behalf because of "property damage", applies only to sums in excess of the deductible amount shown in the Declarations for any one claim.
- c. If we pay all or any part of a deductible to settle any claim or "suit", upon notification of such payment by us, you shall promptly reimburse us for the amount of the deductible that has been paid by us.

IV. LIABILITY CONDITIONS

The following conditions apply in addition to the COMMON POLICY CONDITIONS.

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

a. You and any insured must see to it that we are notified as soon as practicable of an "occurrence" or an offense that may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.



You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit";
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply; and
- (5) Agree to be examined under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim or "suit". At our option and expense, any examination under oath may be video or audio taped as well as being recorded by stenographic record. In the event of an examination, an insured's answers must be signed.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

V. DEFINITIONS

The terms "you", "your", "we", "us", "our" and "insured" are defined in the Preamble of this Coverage Form. The following words or phrases, which appear in quotation marks throughout this Coverage Form and any of its endorsements, are defined as follows:

- 1. **"Advertisement"** means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding websites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
- 2. **"Auto"** means:
 - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
 - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.

HOWEVER, "auto" does not include "mobile equipment".
- 3. **"Bodily injury"** means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
- 4. **"Coverage territory"** means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between

1980000059509



INSURED COPY

MD 58866

- any places included in paragraph a. above; or
- c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in paragraph a. above; or
 - (2) The activities of a person whose home is in the territory described in paragraph a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in paragraph a. above or in a settlement we agree to.
 - 5. **"Employee"** includes a "leased worker". "Employee" does not include a "temporary worker".
 - 6. **"Executive officer"** means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
 - 7. **"Fungi"** means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or byproducts produced or released by fungi.
 - 8. **"Hostile fire"** means one which becomes uncontrollable or breaks out from where it was intended to be.
 - 9. **"Impaired property"** means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

 - a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - b. Your fulfilling the terms of the contract or agreement.
 - 10. **"Insured contract"** means:
 - a. A contract for a lease of premises.

- HOWEVER, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement;
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement. Paragraph f. does not include that part of any contract or agreement:
 - (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
 - (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those



listed in paragraph (2) above and supervisory, inspection, architectural or engineering activities.

- 11. **"Leased worker"** means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
- 12. **"Loading or unloading"** means the handling of property:
 - a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
 - b. While it is in or on an aircraft, watercraft or "auto"; or
 - c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".
- 13. **"Mobile equipment"** means any of the following types of land vehicles, including any attached machinery or equipment:
 - a. Bulldozers, forklifts, farm machinery, farm implements and other vehicles designed for use or used principally off public roads. This includes motorized golf carts, snowmobiles, and other land vehicles designed for recreational use;
 - b. Vehicles maintained for use solely on or next to premises you own or rent;
 - c. Vehicles, other than snowmobiles, that travel on crawler treads;
 - d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - e. Vehicles not described in paragraphs a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning,

- geophysical exploration, lighting and well servicing equipment; or
- (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in paragraphs a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

HOWEVER, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

 - (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
 - (2) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; and
 - (3) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers.

HOWEVER, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where they are licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law or motor vehicle registration law are considered "autos".
- 14. **"Occurrence"** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
- 15. **"Personal and advertising injury"** means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

19800000059518



INSURED COPY

MD 58866

- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your "advertisement"; or
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
16. **"Pollutants"** mean any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, petroleum products and their derivatives, chemicals and waste. Such irritants or contaminants are "pollutants" whether or not they have any function in your business, operations, premises, sites or locations.

Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed and livestock, poultry or other animal excrement.

17. **"Products-completed operations hazard"**:
- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned.
- HOWEVER, "your work" will be deemed completed at the earliest of the following times:
- (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise

complete, will be treated as completed.

HOWEVER, if your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent, all "bodily injury" and "property damage" that arises out of "your products" is included if the "bodily injury" or "property damage" occurs after you have relinquished possession of those products.

- b. Does not include "bodily injury" or "property damage" arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials.
18. **"Property damage"** means:
- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

19. **"Suit"** means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:
- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are



claimed and to which the insured submits with our consent.

20. **"Temporary worker"** means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

21. **"Volunteer worker"** means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

22. **"Your product"**:

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness,

quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

23. **"Your work"**:

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and

(2) The providing of or failure to provide warnings or instructions.

24. **"Silica"** means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.

25. **"Silica-related dust"** means a mixture or combination of silica and other dust or particles.

26. **"Talc"** means magnesium silicate hydroxide (a mineral that is part of the silicate group and in some forms is also known as soapstone) and includes the mineral in any form including but not limited to fibers or dust.

19800000059524



INSURED COPY

MD 56866



PREMIER BUSINESSOWNERS COMMON POLICY CONDITIONS

Various provisions in this policy restrict coverage. Please read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insureds shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

All coverages of this policy are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. Five (5) days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy:

- (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
 - (a) Seasonal unoccupancy; or
 - (b) Buildings in the course of construction, renovation or addition.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

- (2) After damage by a Covered Cause of Loss, permanent repairs to the building:
 - (a) Have not started; and
 - (b) Have not been contracted for; within 30 days of initial payment of loss.
- (3) The building has:
 - (a) An outstanding order to vacate;
 - (b) An outstanding demolition order; or
 - (c) Been declared unsafe by governmental authority.

- (4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

(5) Failure to:

- (a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
- (b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

- b. Ten (10) days before the effective date of cancellation if we cancel for nonpayment of premium.

- c. Thirty (30) days before the effective date of cancellation if we cancel for any other reason.

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. Refunds will be calculated on a pro-rata basis regardless of who initiates the cancellation. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

19800000059533



INSURED COPY

MD 58866

B. CHANGES

1. This policy contains all the agreements between you and us concerning the insurance afforded.
2. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent.
3. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

1. This policy is void in its entirety in any case of fraud, at any time, by you or your representative as it relates to this policy.
2. This policy is also void if you, your authorized representative or any other insured, at any time, conceal or misrepresent any material fact, or violate any material warranty, concerning:
 - a. This policy, including your application for this policy;
 - b. The Covered Property;
 - c. Your interest in the Covered Property; or
 - d. A claim under this policy.
3. We also have the right to rescind this policy based upon any other grounds provided by law.

D. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy or to any claim arising under this policy at any time during the policy period and up to three years afterward.

E. INSPECTIONS AND SURVEYS

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or
- b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

F. INSURANCE UNDER TWO OR MORE COVERAGES OF THIS POLICY

If two or more of this policy's coverages apply to the same injury, loss or damage, we will not pay more than the actual amount of the injury, loss or damage, up to the highest applicable Limit of Insurance under any one coverage.

G. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this policy without additional premium within 60 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

H. OTHER INSURANCE

1. Under any property coverage provided by this policy, if there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.
2. Under any liability coverage provided by this policy,
 - a. If, for injury or loss we cover, there is other valid and collectible insurance available to any insured under another policy:
 - (1) Issued by another insurer, or if there is self insurance or similar risk retention that applies to a loss covered by this policy, then this insurance provided by us shall be excess over such other insurance; or
 - (2) Issued by us or any of our affiliate companies, that applies to a loss covered by this policy, then only the highest applicable Limit of Insurance shall apply to such loss. This condition does not apply to any policy issued



by us that is designed to provide Excess or Umbrella liability insurance.

- b. This insurance, if applicable, is also excess, whether that other insurance is primary, excess, contingent or provided on any other basis:
 - (1) Over any applicable property insurance or other insurance that insures for direct physical loss or damage;
 - (2) Over any valid and collectible insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured; or
 - (3) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. under Section I. COVERAGES, COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY of the Liability Coverage Form.
- c. When this insurance is excess, we will have no duty under the liability coverage provided by this policy to defend any insured against any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to any insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this policy.

d. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal

amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

I. PREMIUMS

- 1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
- 2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.
- 3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:
 - a. Paid to us prior to the anniversary date; and
 - b. Determined in accordance with Paragraph 2. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.
- 4. Undeclared exposures or changes in your business operation and acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules in effect at the inception of such policy.

J. PREMIUM AUDIT

- 1. We have the right but are not obligated to audit this policy. The first Named Insured must keep records of the information we need for premium computation, and send us copies of those records at such times as we may request.
- 2. If we do audit your policy, at the close of that audit period, we will compute the earned

19800000059542



INSURED COPY

MD 58866

premium for that period and the final premium due based upon your actual exposures.

- 3. We will send notice to the first Named Insured after the audit has been completed. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

K. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

1. Applicable to Businessowners Property Coverage:

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance;
 - (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you; or
 - (3) Your tenant, but only with our written consent.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable to Businessowners Liability Coverage:

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Payments Coverage.

HOWEVER, in the event of any payment under this policy, we waive our right of recovery or subrogation against any person or organization with respect to which you have waived your right of recovery or subrogation in writing and prior to a loss.

L. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

- 1. Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.
- 2. If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.



All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY EXCLUSION

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

A. This insurance does not apply:

1. Under any Liability Coverage, to "bodily injury" or "property damage":
 - a. With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - b. Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
 - (1) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
 - (2) The insured is, 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.
2. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
3. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
 - a. The "nuclear material":
 - (1) Is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured"; or
 - (2) Has been discharged or dispersed therefrom;

- b. The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an insured; or
- c. The "bodily injury" or "property damage" arises out of the furnishing by an insured 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 c. applies only to "property damage" to such "nuclear facility" and any property thereat.

B. As used in this endorsement:

1. "Hazardous properties" includes radioactive, toxic or explosive properties.
2. "Nuclear material" means "source material", "special nuclear material" or "by-product material".
3. "Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.
4. "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".
5. "Waste" means any waste material:
 - a. Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
 - b. Resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".
6. "Nuclear facility" means:
 - a. Any "nuclear reactor";

1980000059551



INSURED COPY

MD 58866

- b. Any equipment or device designed or used for:
 - (1) Separating the isotopes of uranium or plutonium;
 - (2) Processing or utilizing "spent fuel"; or
 - (3) Handling, processing or packaging "waste";
- c. 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 the custody of the "insured" 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;
- d. Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste"; and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.
- 7. **"Nuclear reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.
- 8. **"Property damage"** includes all forms of radioactive contamination of property.

All terms and conditions of this policy apply unless modified by this endorsement.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HIRED AUTO AND NON-OWNED AUTO LIABILITY

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

A. Insurance is provided only for those coverages that are designated in the Liability Declarations.

1. HIRED AUTO LIABILITY

When Hired Auto Liability Coverage is designated in the Declarations as Included, the insurance provided under Section I. COVERAGES, A. COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY, and this endorsement, applies to "bodily injury" or "property damage" arising out of the maintenance, use or entrustment of a "hired auto" by you or your "employees" in the course of your business.

2. NON-OWNED AUTO LIABILITY

When Non-Owned Auto Liability Coverage is designated in the Declarations as Included, the insurance provided under Section I. COVERAGES, A. COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY, and this endorsement, applies to "bodily injury" or "property damage" arising out of the maintenance, use or entrustment of any "non-owned auto" in your business by any person other than you.

B. For insurance provided by this endorsement, Section I. COVERAGES, A. COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY, under 2. EXCLUSIONS:

1. Exclusion g. Aircraft, Auto or Watercraft is amended by adding the following paragraph:
HOWEVER, this exclusion does not apply to any "hired auto" or "non-owned auto" (as defined in this endorsement).
2. Exclusion e. Employer's Liability is amended by adding the following paragraph:
HOWEVER, this exclusion does not apply to "bodily injury" arising out of and in the course of domestic employment by the insured, unless benefits for such injury are in whole or in part either payable or required to be provided by any workers compensation law.
3. The following additional exclusions also apply, but only with respect to the coverages provided by this endorsement:

This insurance, including any duty we have to defend "suits", does not apply to:

- a. "Property damage" to:
 - (1) Property owned or being transported by, or rented or loaned to any insured; or
 - (2) Property in the care, custody or control of any insured.
 - b. "Bodily injury" or "property damage" which arises out of or is a result of the handling of any property:
 - (1) Before it is moved from the place where it is accepted by an insured for movement into or onto a "hired auto" or "non-owned auto"; or
 - (2) After it is moved from a "hired auto" or "non-owned auto" to the place where it is finally delivered by an insured.
 - c. "Bodily injury" or "property damage" which arises out of or is a result of the movement of any property by a mechanical device (other than a hand truck) unless the device is attached to a "hired auto" or "non-owned auto".
- C. Only with respect to the coverage provided by this endorsement, Section II. WHO IS AN INSURED is replaced by the following:
Each of the following is an insured to the extent set forth below:
- a. You;
 - b. Any other person using a "hired auto" within the scope of your permission;
 - c. Any partner or "executive officer" of yours, with respect to a "non-owned auto" while being used in the course of your business;
 - d. Any other person or organization, but only for their vicarious liability because of acts or omissions of you or of an insured under a., b. or c. above; and
 - e. Your "employee" while operating an "auto" hired or rented under a contract or agreement, with your permission, in that

19800000059560



INSURED COPY

MD 58866

"employee's" name, while performing duties related to the conduct of your business.

- f. HOWEVER, none of the following is an insured under this endorsement:
- (1) Any person engaged in the business of his or her employer for "bodily injury" to any co-"employee" of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that co-"employee" as a consequence of such "bodily injury", or for any obligation to share damages with or repay someone else who must pay damages because of the injury;
 - (2) Any "employee", partner or "executive officer" with respect to any "auto" owned by such "employee", partner or "executive officer" or a member of their household;
 - (3) Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;
 - (4) The owner, lessor or lessee (when you are a sublessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or "employee" of any such owner, lessor or lessee; or
 - (5) Any person or organization for the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

- D. For insurance provided by this endorsement, under Section IV. LIABILITY CONDITIONS, the following condition also applies:

If there is any other "auto" liability insurance under any other policy, or self insurance or similar protection, that applies to a loss covered by this endorsement, then this insurance shall be excess over that other insurance.

- E. With respect to the coverage provided by this endorsement, under Section V. DEFINITIONS:

1. The following is added to the "coverage territory" definition:

For "hired auto", the "coverage territory" is extended to anywhere in the world if:

- a. An "auto" of the private passenger type is leased, hired, rented or borrowed without a driver for a period 30 days or less; and
- b. The insured's responsibility to pay damages is determined in a "suit" on the merits, in the United States of America, the territories and possessions of the United States of America, Puerto Rico or Canada, or in a settlement we agree to.

2. The following additional definitions also apply:

a. **"Auto Business"** means the business or occupation of selling, repairing, servicing, storing or parking "autos".

b. **"Hired Auto"** means any "auto" you lease, hire, rent or borrow.

HOWEVER, this does not include any "auto" you lease, hire, rent or borrow from any of your "employees" or members of their households, or from any partner or "executive officer" of yours.

c. **"Non-Owned Auto"** means any "auto" you do not own, lease, hire, rent or borrow which is used in connection with your business, including "autos" owned by your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their household.



All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITATION OF COVERAGE TO DESIGNATED PREMISES

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

This insurance applies only to "bodily injury", "property damage", "personal and advertising injury" and medical expenses arising out of the ownership, maintenance or use of those premises that are shown in the Declarations, and your operations necessary or incidental to those premises.

All terms and conditions of this policy apply unless modified by this endorsement.

19800000059579



INSURED COPY

MD 58866



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM
PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

The following provisions are added to the Businessowners Policy and apply to Property and Liability Coverages:

A. CAP ON CERTIFIED TERRORISM LOSSES

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United

States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

- B. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

All terms and conditions of this policy apply unless modified by this endorsement.

1980000059588



INSURED COPY

MD 58866



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM
PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

SCHEDULE

The Exception Covering Certain Fire Losses (paragraph B.2. of this endorsement) applies to property located in the following states:

California	Iowa	New Jersey	Washington
Connecticut	Maine	New York	Wisconsin
Georgia	Massachusetts	Oregon	West Virginia
Idaho	Missouri	Rhode Island	
Illinois	North Carolina	Virginia	

A. The **PROPERTY COVERAGE FORM** and the **LIABILITY COVERAGE FORM** are amended as follows:

1. **Applicability Of The Provisions Of This Endorsement**

- a. The provisions of this endorsement will become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.
 - (1) The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form; or
 - (2) A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:
 - (a) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible

determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

- (b) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or
 - (c) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.
- b. If the provisions of this endorsement become applicable, such provisions:
- (1) Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or injury or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this

19800000059597



INSURED COPY

MD 58866

endorsement become applicable;
and

- (2) Remain applicable unless we notify you of changes in these provisions, in response to federal law.
- c. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.
- 2. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.
"Terrorism" means activities against persons, organizations or property of any nature:
 - a. That involve the following or preparation for the following:
 - (1) Use or threat of force or violence; or
 - (2) Commission or threat of a dangerous act; or
 - (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
 - b. When one or both of the following applies:
 - (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

B. AMENDMENTS TO THE PROPERTY COVERAGE FORM

- 1. Under Section B. EXCLUSIONS, the following exclusion is added:

EXCLUSION OF TERRORISM

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. But this exclusion applies only when one or

more of the following are attributed to an incident of "terrorism":

- (1) The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- (2) Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- (3) The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- (4) Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
- (5) The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

With respect to this item 1.a.(5), the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

2. Exception Covering Certain Fire Losses

The following exception to the EXCLUSION OF TERRORISM applies only if indicated



and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense Additional Coverages or endorsements that apply to those coverages.

3. **Application Of Other Exclusions**

When the EXCLUSION OF TERRORISM applies in accordance with the terms of paragraph 1.a. or 1.b., such exclusion applies without regard to exclusion d. Nuclear Hazard in this Coverage Form.

C. **AMENDMENTS TO THE LIABILITY COVERAGE FORM**

- 1. The following definition is added and applies under this endorsement wherever the phrase any injury or damage, is enclosed in quotation marks:

"Any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury", as may be defined under this Coverage Form or any applicable endorsement.

- 2. The following exclusion is added:

EXCLUSION OF TERRORISM

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
- e. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
- f. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - (1) Physical injury that involves a substantial risk of death; or
 - (2) Protracted and obvious physical disfigurement; or
 - (3) Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in paragraphs 2.e. or 2.f. are exceeded.

With respect to this Exclusion, paragraphs 2.e. and 2.f. describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

19800000059606



INSURED COPY

MD 58866

PB 05 64 01 20

- D. The following provision is added to the Businessowners Policy and apply to Property and Liability Coverages:
The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a

terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

All terms and conditions of this policy apply unless modified by this endorsement.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT PRACTICES LIABILITY INSURANCE

THIS INSURANCE PROVIDES CLAIMS MADE AND REPORTED COVERAGE. DEFENSE COSTS APPLY AGAINST THE LIMITS OF INSURANCE AND ARE SUBJECT TO THE DEDUCTIBLE. PLEASE READ THIS COVERAGE FORM CAREFULLY TO DETERMINE RIGHTS, DUTIES, COVERAGE AND COVERAGE RESTRICTIONS.

IF WE HAVE ISSUED THIS COVERAGE FORM BASED UPON YOUR APPLICATION FOR THIS INSURANCE, WE HAVE DONE SO BASED UPON INFORMATION ON THAT APPLICATION, WHICH IS A REPRESENTATION OF THE CORRECTNESS OF THE INFORMATION.

WE HAVE NO DUTY TO PROVIDE COVERAGE UNLESS THERE HAS BEEN FULL COMPLIANCE WITH ALL THE CONDITIONS, SECTION V AND ANY OTHER APPLICABLE COVERAGE CONDITIONS.

Throughout this Coverage form, the words "you" and "your" refer to the Named Insured shown in the Declarations and any other person or organization qualifying as a Named Insured under this Coverage. The words "we", "us" and "our" refer to the Company providing this insurance. The word "insured" means any person or organization qualifying as such under Section II – WHO IS AN INSURED.

I. COVERAGE

In consideration of the payment of premium and subject to the Limits of Insurance shown in the Declarations and all the definitions, exclusions, terms and conditions of this insurance form, we agree with you as follows:

1. Insuring Agreement

- a. We will pay on behalf of the insured for "damages" in excess of the Deductible arising out of any "wrongful acts" to which this insurance applies.

We have no obligation under this insurance to make payments or perform acts or services except as provided for in this paragraph and in paragraph 2. below.

- b. This insurance applies to such "damages" only if:
 - (1) The "damages" result from "claims" made by:
 - (a) "Employees";
 - (b) "Leased workers";
 - (c) "Temporary workers";
 - (d) Former "employees"; or
 - (e) Applicants for employment by you;
 - (2) The "wrongful acts" take place in the "coverage territory";
 - (3) Such "wrongful acts" occurred:
 - (a) After the Retroactive Date, if any, shown in the Declarations; and
 - (b) Before the end of the policy period; and

- (4) A "claim" is both:

- (a) First made against any insured, in accordance with paragraph c. below, during the policy period or any Extended Reporting Period we provide under Section VI. EXTENDED REPORTING PERIODS; and

- (b) Reported to us either (i) during the policy period or within thirty (30) days thereafter; or (ii) with respect to any "claim" first made during any Extended Reporting Period we provide under Section VI. EXTENDED REPORTING PERIODS, during such Extended Reporting Period.

- c. A "claim" will be deemed to have been made at the earlier of the following times:

- (1) When notice of such "claim" is received and recorded by you or by us, whichever comes first; or
- (2) When we make settlement in accordance with paragraph 2.b.(2) below.

- d. All "claims" by one or more claimants for "damages" based on or arising out of:

- (1) One "wrongful act"; or
- (2) An "interrelated" series of "wrongful acts";

By one or more insureds shall be deemed to be one "claim" and to have been made at the time the first of those "claims" is made against any insured.

1980000059615



INSURED COPY

MD 58866

- e. Each payment we make for "damages" or "defense expense" reduces the Amount of Insurance available, as provided under Section III. LIMITS OF INSURANCE.

2. Defense of Claims, Administrative Hearings & Settlement Authority

Subject to the limits of insurance, deductible, conditions, exclusions, definitions, and other terms of this Coverage:

- a. We have the right and duty to defend "claims" against the insured seeking "damages" to which this insurance applies and to pay for related, "defense expense".

HOWEVER, we have no duty to:

- (1) Defend "claims" against the insured seeking "damages"; or
- (2) Pay for related "defense expense";

When this insurance does not apply.

- b. We may, at our sole discretion:

- (1) Investigate any "wrongful act" that may result in "damages"; and
- (2) Settle any "claim" which may result, provided:
 - (a) We have the insured's written consent to settle; and
 - (b) The settlement is within the applicable Limit of Insurance available.

- c. Our liability will be limited as described below if:

- (1) The insured refuses to consent to any settlement we recommend; and
- (2) Such recommended settlement is acceptable to the claimant.

After such refusal, our liability under this Coverage for such "claim" shall not exceed the amount we would have paid for "damages" and "defense expense" if the insured had consented to our settlement recommendation. The insured shall thereafter be responsible for the negotiation and defense of that "claim" at their own cost and without our involvement.

- d. Our right and duty to defend such "claims" ends when we have used up the Limit of Insurance available, as provided under Section III. LIMITS OF INSURANCE. This applies both to "claims" pending at that time and any that may be made.

- e. (1) When we control defense of a "claim", we will pay associated "defense expense" and choose a counsel of our choice from the panel of attorneys

we have selected to deal with "wrongful acts" "claims".

If you give us a specific written request at the time a "claim" is first made:

- (a) You or any involved insured may select one of our panel of wrongful act attorneys; or
- (b) You or such insured may ask us to consider the approval of a defense attorney of your or that insured's choice who is not on our panel.

We will then use the attorney selected in (a) above, or consider the request in (b) above, if we deem it appropriate to engage counsel for such "claim".

- (2) If by mutual agreement or court order the insured assumes control of the defense before the applicable Limit of Insurance is used up, the insured will be allowed to select defense counsel and we will reimburse the insured for reasonable "defense expense". You and any involved insured must:

- (a) Continue to comply with Section V. CONDITIONS, 4. Duties in Event of "Wrongful Acts" or "Claims".

- (b) Direct defense counsel to:

- (1) Furnish us with the additional information we request to evaluate the "wrongful acts" or "claim"; and
- (2) Cooperate with any counsel we may select to monitor or associate in the defense of the "wrongful acts" or "claim".

If we defend any insured under a reservation of rights, both such insured's counsel and our counsel will be required to maintain records pertinent to "defense expenses". These records will be used to determine the allocation of any "defense expenses" for which you or any insured may be solely responsible, including defense of an allegation not covered by this insurance.

We will notify you in writing when the applicable limit of insurance has been used up by the payment of judgments, settlements or "defense expense". We will also initiate and cooperate in the transfer of defense of any "claim" to an appropriate insured for whom the duty to



defend has ended by reason of Section I. COVERAGE paragraph 2.d. above.

- f. Upon notice to us and with our prior approval, the first Named Insured is authorized to act on behalf of all insureds with respect to the payment of "damages" in settlement of any Administrative Hearing or other non-judicial proceeding before the Federal Equal Employment Opportunity Commission, or any similar Federal, state or local body or commission. This authorization is limited to the sum of:

- (1) "Damages" covered by this Coverage; and
- (2) "Defense expenses", as defined in paragraph 5.d. in Section VII. DEFINITIONS;

In a total amount not to exceed two times the amount of the Deductible stated in the Declarations.

3. Exclusions

This insurance does not apply to "claims" based on, arising out of, or in any way involving:

- a. (1) "Wrongful acts" which were the subject of any demand, suit or other proceeding which was initiated against any insured; or
- (2) Facts and circumstances which would cause a reasonable person to believe a "claim" would be made and which were known to any insured;

Prior to the effective date of the earlier of:

- (i) The first Coverage of this type that we issued to you of which this Coverage was an uninterrupted renewal of this type of coverage; or
- (ii) This Coverage.
- b. Facts alleged or contained in any "claim" or "suit" which has been reported, or in any circumstances of which notice has been given, under any policy of which this coverage is a renewal or replacement or which it may succeed in time.
- c. Loss of any benefit conferred or loss of any obligation imposed under an express contract of employment.
- d. Any obligation to pay "damages" by reason of the assumption of liability in any contract or agreement.

HOWEVER, this exclusion does not apply to liability for "damages" that the insured

would have in the absence of the contract or agreement.

- e. Liability arising under any of the following laws:

- (1) Any workers compensation, disability benefits or unemployment compensation law, or any similar law. HOWEVER, this exclusion shall not apply to any "claim" based upon, arising from or in consequence of any actual or alleged retaliatory treatment of the claimant by the insured on account of the claimant's exercise of rights pursuant to any such law;
- (2) Employees' Retirement Income Security Act of 1974, Public Law 93-406, (ERISA) as now or hereafter amended, or any similar state or other governmental law. This includes:
 - (a) Fiduciary liability;
 - (b) Liability arising out of the administration of any employee benefit plan; and
 - (c) Any other liability under any such laws;

- (3) The Fair Labor Standards Act, or any state or common law wage or hour law, including, but not limited to laws governing minimum wages, hours worked, overtime compensation and including any recordkeeping and reporting related thereto.

This exclusion includes actions or claims brought by or on behalf of individuals or agencies seeking wages, fines, penalties, taxes, disgorgement or other affirmative relief or compensation.

This exclusion does not include claims based on the Equal Pay Act or retaliation related to Equal Pay Act claims;

- (4) The National Labor Relations Act;
- (5) The Worker Adjustment and Retraining Notification Act (Public Law 100-379);
- (6) The Consolidated Omnibus Budget Reconciliation Act of 1985; or
- (7) The Occupational Safety and Health Act.

This exclusion e.(1) – (7) also applies to:

- (l) Any rules or regulations promulgated under any of the foregoing and amendments thereto;

19800000059621



INSURED COPY

MD 58866

- (ii) Any similar provisions of any federal, state or local law;
 - (iii) That part of any "damages" awarded for the cost or replacement of any insurance benefits due or alleged to be due to any current or former "employee"; and
 - (iv) Any "claim" based upon, arising from or in consequence of any actual or alleged retaliatory treatment of the claimant by the insured on account of the claimant's exercise of rights pursuant to any such law described in this item e. This provision e.(iv) does not apply to the specific retaliation exceptions shown in items e.(1) and e.(3) above.
- f. Oral or written publication of material, if such material:
- (1) Was published by or at the direction of the insured with knowledge of the material's falsity; or
 - (2) Was first published before the Retroactive Date, if any, shown in the Declarations.
- g. Dishonest, criminal or fraudulent acts of the insured.
- h. The willful failure by the insured or with the insured's consent to comply with any law or any governmental or administrative order or regulation relating to "employment practices".
- Willful, as used in this exclusion h., means acting with intentional or reckless disregard for such employment related laws, orders or regulations.
- The enforcement of this exclusion against any insured shall not be imputed to any other insured.
- i. "Bodily injury".
 - j. "Employment practices" which occur when or after:
 - (1) You file for or are placed in any bankruptcy, receivership, liquidation or reorganization proceeding; or
 - (2) Any other business entity acquires an ownership interest in you, which is greater than fifty percent.
 - k. Costs of complying with physical modifications to your premises or any changes to your usual business operations as mandated by the Americans with Disabilities Act of 1990 including any amendment thereto, or any similar federal, state or local law.

This exclusion also applies to any "claim" based upon, arising from or in consequence of any actual or alleged retaliatory treatment of the claimant by the insured on account of the claimant's exercise of rights pursuant to any such law described in this item k.

- l. Lockout, strike, picket line, related worker replacements or other similar actions resulting from labor disputes or labor negotiations.

This exclusion also applies to any "claim" based upon, arising from or in consequence of any actual or alleged retaliatory treatment of the claimant by the insured on account of the claimant's exercise of rights pursuant to labor disputes or labor negotiations.

- m. Any class action suit involving more than one franchisee of the same franchisor.

II. WHO IS AN INSURED

1. For purposes of this insurance coverage, if you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your current or former members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an insured. Your current or former members are also insureds, but only with respect to the conduct of your business. Your current or former managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership or joint venture, you are an insured. Your current or former directors are insureds, but only with respect to their duties as your directors.
2. Your current or former "employees" are also insureds, but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.
3. Any heirs, executors, administrators, assignees or legal representatives of any individual insured in subparagraphs 1. and 2. above, in the event of the death, bankruptcy or incapacity of such insured, shall be insureds, but only to the extent this insurance



would have been available to such insured but for their death, bankruptcy or incapacity.

- 4. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. You must provide us notice of such acquisition or formation within 30 days of the effective date of your acquisition or formation;
 - b. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - c. Coverage does not apply to any "wrongful acts" that occurred before you acquired or formed the organization; and
 - d. You must pay us any additional premium due as a condition precedent to the enforceability of this additional extension of coverage.

This paragraph does not apply to any organization after it is shown in the Declarations.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

III. LIMITS OF INSURANCE

- 1. The Amount of Insurance stated as Aggregate Limit on the Coverage Declarations is the most we will pay for the sum of:
 - a. "Damages" for all "claims" arising out of any actual or alleged "wrongful acts" covered by this insurance; and
 - b. "Defense expense" for all "claims" seeking "damages" payable under paragraph a. above.

Each payment we make for such "damages" or "defense expenses" reduces the Aggregate Limit by the amount of the payment.

This reduced limit will then be the Amount of Insurance available for further "damages" and "defense expenses" under this Coverage.

- 2. Subject to paragraph 1. above, the Amount of Insurance stated as the Each "Claim" Limit of Insurance is the most we will pay in excess of the Deductible as further described in Section IV. DEDUCTIBLE for the sum of:

- a. "Damages":
 - (1) For injury arising from "wrongful acts" covered by this insurance; and
 - (2) Arising out of one "claim"; and
- b. "Defense expense" associated with that specific "claim" in item 2.a. immediately preceding.

- 3. In addition to the payments for "damages" and "defense expense" in paragraphs 1. and 2. above, we will also pay all interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the amount available for the judgment under the provisions of paragraphs 1. and 2. above.

The Limits of Insurance of this Coverage apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

IV. DEDUCTIBLE

- 1. A deductible applies to all "damages" for injury arising from "wrongful acts" and any "defense expense" however caused.
- 2. Our obligation to pay "damages" and "defense expense" on behalf of any insured applies only to the sum of the amount of "damages" and "defense expense" for any one "claim" which are in excess of the deductible amount stated in the Declarations.
- 3. Your obligation is to pay the deductible applicable to each "claim" made against this insurance. That deductible applies to the sum of all "damages" because of injury arising from "wrongful acts" paid for any one "claim" and applicable "defense expense" associated therewith. If there should be no "damages" paid for a "claim", you are still obligated to pay the applicable deductible for any "defense expense" incurred by us in connection with that "claim".
- 4. The terms of this insurance apply irrespective of the application of the deductible, including those with respect to:
 - a. Our right and duty to defend any "claims" seeking those "damages"; and
 - b. Your and any involved insured's duties in the event of a "claim".
- 5. We may pay any part or all of the deductible to effect settlement of any "claim" and, upon

19800000059630



INSURED COPY

MD 58866

notification of the action taken, you shall promptly reimburse us for such part of the deductible as we may have paid for "damages" or "defense expense".

6. The application of the deductible does not reduce the applicable Limits of Insurance.

V. CONDITIONS

1. Bankruptcy

Subject to exclusion j.(1), the bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this insurance.

2. Cancellation

The policy shall terminate at the earliest of the following:

- a. The effective date of cancellation stated in a written notice of cancellation from us to you if the policy is cancelled for failure to pay a premium when due provided such notice is mailed to you at least ten (10) days prior to the effective date of cancellation. The mailing of such notice shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the "policy period". Any earned premium shall be computed in accordance with the customary short rate table and procedure;
- b. The effective date of cancellation stated in a written notice of termination from us to you if the policy is cancelled for any reason other than nonpayment of premium, provided such notice is mailed to you at least sixty (60) days prior to the effective date of cancellation. The mailing of such notice shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the "policy period". Any earned premium shall be computed pro rata;
- c. Upon receipt by us of the policy surrendered by you. Any earned premium shall be computed in accordance with the customary short rate table and procedure;
- d. Upon transmittal to us of written notice of termination from you stating when thereafter such termination shall be effective. Any earned premium shall be computed in accordance with the customary short rate table and procedure; or
- e. Upon expiration of the Policy Period as set forth in the Declarations.

3. Changes

This Coverage contains all agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this Coverage with our consent. This Coverage's terms can be amended or waived only by endorsement issued by us and made a part of this Coverage.

4. Duties in the Event of "Wrongful Acts" or "Claims"

- a. You must see to it that we are notified as soon as practicable of any specific "wrongful acts" which you believe may result in an actual "claim". Your belief must be reasonably certain as the result of specific allegations made by a potential claimant or such potential claimant's representative, or as the result of specifically identifiable injury sustained by a potential claimant. Notices of "wrongful acts" should include the following detailed information:

- (1) How, when and where such "wrongful acts" took place;
- (2) The names and addresses of any potential claimants and witnesses; and
- (3) The nature of any injury arising out of such "wrongful acts".

Notice of such "wrongful acts" is not notice of a "claim", but preserves any insured's rights to future coverage for subsequent "claims" arising out of such "wrongful acts" as described in the Basic Extended Reporting Period of Section VI. EXTENDED REPORTING PERIODS.

- b. If a "claim" is received by any insured:
 - (1) You must immediately record the specifics of the "claim" and the date received;
 - (2) You and any other involved insured must see to it that we receive written notice of the "claim", as soon as practicable, but in any event we must receive notice either:
 - (a) During the policy period or within thirty (30) days thereafter; or
 - (b) With respect to any "claim" first made during any Extended Reporting Period we provide under Section VI. EXTENDED REPORTING PERIODS, during such Extended Reporting Period.



As a condition precedent for coverage under this insurance, notice of a "claim" must include the detailed information required in paragraphs 4.a.(1), (2) and (3); and

- (3) You and any other involved insured must:
 - (a) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim";
 - (b) Authorize us to obtain records and other information;
 - (c) Cooperate with us in the investigation, settlement or defense of the "claim"; and
 - (d) Assist us, upon our request, in the enforcement of any right against any person or organization, which may be liable to the insured because of injury or damage to which this insurance may also apply.

c. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent, other than those specific payments authorized in Section I. **COVERAGE, under paragraph 2.f. of DEFENSE OF CLAIMS, ADMINISTRATIVE HEARINGS & SETTLEMENT AUTHORITY.**

5. Examination of Your Books and Records

We may examine and audit your books and records as they relate to this insurance at any time during the policy period and up to three years thereafter.

6. Inspections and Surveys

We have the right but are not obligated to:

- a. Make inspections and surveys at any time;
- b. Give you reports on the employment conditions we find; and
- c. Recommend procedures, guidelines and changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not undertake to perform the duty of any person or organization to provide for the health or safety of, or lawful practices towards your workers or the public. We do not warrant that conditions:

- (i) Are safe or healthful; or
- (ii) Comply with laws, regulations, codes or standards as they relate to the purpose of this or any other insurance.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization, which makes insurance inspections, surveys, reports or recommendations on our behalf.

7. Legal Action Against Us

No person or organization has a right under this Coverage:

- a. To join us as a party or otherwise bring us into a "claim" seeking "damages" from any insured; or
- b. To sue us on this Coverage unless all of its terms have been fully complied with.

Any person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial, but we will not be liable for "damages" that are not payable under the terms of this Coverage or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

8. Other Insurance

If other valid and collectible insurance is available to the insured for "damages" or "defense expense" we cover under this Coverage, our obligations are limited as follows:

- a. As this insurance is primary insurance, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in b. below.
- b. If all of the other insurance permits contribution by equal shares, we will follow this method also.

Under this method, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits.

Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

19800000059649



INSURED COPY

MD 58866

9. Payment of Premiums and Deductibles Amounts

- a. We will compute all premiums for this insurance in accordance with our rules and rates; and
- b. The first Named Insured shown in the Declarations is responsible for the payment of all premiums and deductibles due and will be the payee for any return premiums we pay.

10. Representations

By accepting this Coverage you agree:

- a. The statements in the Application are accurate and complete;
- b. Those statements are the basis of this endorsement and are to be considered as incorporated into and constituting a part of the Policy;
- c. Those statements are material to the acceptance of the risk assumed by the company; and
- d. Since we have issued this endorsement in reliance upon your representations, this insurance is voidable if any material fact or circumstance relating to the subject of this insurance is omitted or misrepresented in your application.

Coverage provided elsewhere in this policy for unintentional errors or omissions do not apply to an application for or coverage provided by this endorsement.

11. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom "claim" is made.

12. Sole Agent

The first Named Insured is authorized to act on behalf of all insureds as respects the giving or receiving of notice of cancellation or nonrenewal, receiving premium refunds, requesting any Supplemental Extended Reporting Period and agreeing to any changes in this Coverage.

13. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this insurance, those rights are transferred to us. The insured must do nothing after loss to

impair them. At our request, the insured will sue those responsible or transfer those rights to us and help us enforce them.

14. Transfer of Your Rights and Duties Under This Coverage

Your rights and duties under this Coverage may not be transferred without our written consent.

15. When We Do Not Renew

If we decide not to renew this insurance, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

VI. EXTENDED REPORTING PERIODS

- 1. We will provide Extended Reporting Periods, as described below, if:

- a. This Coverage is cancelled or not renewed; or
- b. We renew or replace this Coverage with insurance that:
 - (1) Has a Retroactive Date later than the date shown in the Declarations; or
 - (2) Does not apply on a claims-made basis.

- 2. Extended Reporting Periods do not extend the policy period or change the scope of coverage provided. They apply only to "claims" as the result of "wrongful acts" committed after the Retroactive Date, if any, shown in the Declarations and before the end of the policy period. Once in effect, Extended Reporting Periods may not be cancelled.

- 3. Extended Reporting Periods do not reinstate or increase the Limits of Insurance.

- 4. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the policy period and lasts for:

- a. Five years with respect to "claims" arising out of "wrongful acts" which had been properly reported to us before the end of the policy period in accordance with Section V. CONDITIONS, under paragraph 4.a. of Duties in the Event of "Wrongful Acts" or "Claims"; and
- b. Sixty-days with respect to "claims" arising from "wrongful acts" not previously reported to us.

The Basic Extended Reporting Period does not apply to "claims" that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of



the amount of insurance applicable to such claims.

5. A Supplemental Extended Reporting Period is available, but only by endorsement and for an extra charge. This supplemental period starts when the Basic Extended Reporting Period set forth in paragraph 4.b. above ends. You must give us a written request for the endorsement, and its length, within 30 days after the end of the policy period. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium when due. We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:
 - a. The exposures insured;
 - b. Previous types and amounts of insurance;
 - c. Limits of Insurance available under this Coverage for future payment of "damages" or "defense expense"; and
 - d. Other related factors.

The additional premium will not exceed 200% of the annual premium for this Coverage.

6. The Supplemental Extended Reporting Period Endorsement we issue shall set forth the terms, not inconsistent with this VI. EXTENDED REPORTING PERIODS, including a provision to the effect that the insurance afforded for "claims" first received during such period is excess over any other valid and collectible insurance available under policies in force after the Supplemental Extended Reporting Period begins.

VII. DEFINITIONS

The following words or phrases, which appear in quotation marks throughout this Coverage Form and any of its endorsements, are defined as follows:

1. **"Bodily injury"** means physical injury to the body, sickness or disease sustained by a person as the result of direct physical injury to the body, including death resulting from any of these at any time. "Bodily injury" does not include mental anguish that results from a "wrongful act".
2. **"Claim"** means written or oral notice presented by:
 - a. Any "employee," "leased worker," "temporary worker," former "employee" or applicant for employment by you; or
 - b. The EEOC or any other federal, state or local administrative or regulatory agency on behalf of a person described in paragraph 2.a. above;

Alleging that the insured is responsible for "damages" as a result of injury arising out of any "wrongful act".

"Claim" includes any civil proceeding in which either "damages" are alleged or fact finding will take place, when either is the result of any "wrongful act" to which this insurance applies. This includes:

- (i) An arbitration proceeding in which such "damages" are claimed and to which the insured submits with our consent;
- (ii) Any other alternative dispute resolution proceeding in which such "damages" are claimed and to which the insured submits with our consent; or
- (iii) Any administrative proceedings as established under federal, state or local laws applicable to "wrongful acts" covered under this insurance.

3. **"Coverage territory"** means:

- a. The United States of America (including its territories and possessions) and Puerto Rico; or
- b. Anywhere in the world with respect to the activities of a person whose place of employment is in the territory described in paragraph 3.a. above, while he or she is away for a short time on your business, provided that the insured's responsibility to pay "damages" is determined in a suit on the merits (or any type of civil proceeding described under the definition of "claim") in and under the substantive law of the United States of America (including its territories and possessions) or Puerto Rico.

4. **"Damages"** means monetary amounts to which this insurance applies and which the insured is legally obligated to pay as judgments or awards, or as settlements to which we have agreed in writing.

"Damages" include:

- a. "Pre-judgment interest" awarded against the insured on that part of the judgment we pay;
- b. Any portion of a judgment or award, to the extent allowed by law, that represents a multiple of the compensatory amounts, punitive or exemplary damages; and
- c. Statutory attorney fees.

"Damages" do not include:

- (1) Civil, criminal, administrative or other fines or penalties;

19800000059658



INSURED COPY

MD 58866

- (2) Equitable relief, injunctive relief, declarative relief or any other relief or recovery other than money; or
- (3) Judgments or awards because of acts deemed uninsurable by law.

5. **"Defense expense"** means payments allocated to a specific "claim" for its investigation, settlement, or defense, including:
- a. Attorney fees and all other litigation expenses.
 - b. The cost of bonds to appeal a judgment or award in any "claim" we defend. We do not have to furnish these bonds.
 - c. The cost of bonds to release attachments, but only for bond amounts within the Amount of Insurance available. We do not have to furnish these bonds.
 - d. Reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of any "claim", including actual loss of earnings up to \$250 a day because of time off from work.
 - e. All court costs taxed against the insured in the "claim". However, these payments do not include attorney's fees or attorney's expenses taxed against the insured.

"Defense expense" does not include:

- (1) Salaries and expenses of our employees or your "employees", other than:
 - (a) That portion of our employed attorneys' fees, salaries and expenses allocated to a specific "claim" for the defense of the insured; or
 - (b) The expenses described in paragraph d. above; or
 - (2) Interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the amount available for the judgment under the provisions of Section III. LIMITS OF INSURANCE.
6. **"Employee"** means:
- a. A person employed by you for wages or salary;
 - b. A person who is a current or former member of your board of directors; or
 - c. A "temporary worker".

HOWEVER, "employee" does not include any:

- (1) Independent contractor;
- (2) Any employees of any independent contractor while acting within the scope of their employment; or
- (3) Any "leased worker".

7. **"Employment Practices"** means any remedy which is sought by any of your:

- a. "Employees";
- b. "Leased workers";
- c. Former "employees"; or
- d. Applicants for employment by you;

Under any civil employment law whether federal, state or local and whether arising out of statutory or common law, because of any of the following actual or alleged practices:

- (1) Wrongful refusal to employ a qualified applicant for employment;
- (2) Wrongful failure to promote;
- (3) Wrongful deprivation of career opportunity;
- (4) Wrongful demotion, evaluation, reassignment or discipline;
- (5) Wrongful termination of employment, including constructive discharge;
- (6) Employment related misrepresentation;
- (7) Harassment, coercion, discrimination or humiliation as a consequence of race, color, creed, national origin, marital status, medical condition, gender, age, physical appearance, physical and/or mental impairments, pregnancy, sexual orientation or sexual preference or any other protected class or characteristic established by any applicable federal, state or local statute; or
- (8) Oral or written publication of material that:
 - (a) Slanders;
 - (b) Defames or libels; or
 - (c) Violates or invades a right of privacy.

8. **"Interrelated"** means having as a common nexus any fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions or causes.

9. **"Leased worker"** means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".



10. **"Pre-judgment interest"** means interest added to a settlement, verdict, award or judgment based on the amount of time prior to the settlement, verdict, award or judgment, whether or not made part of the settlement, verdict, award or judgment.

11. **"Temporary worker"** means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

12. **"Wrongful Acts"** means "employment practices".

All terms and conditions of this policy apply unless modified by this endorsement.

19800000059667



INSURED COPY

MD 58866



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO BY-PRODUCTS OF PRODUCTION OR PROCESSING OPERATIONS (RENTAL PROPERTIES)

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

A. The terms of this endorsement apply to rental unit(s) and to the building(s) in which such unit(s) are located, including any contents of such unit(s) and building(s).

B. In Section B. EXCLUSIONS, under paragraph 1. the following is added:

Loss Due to By-Products of Production or Processing Operations (Rental Properties)

We will not pay for loss or damage to the described premises, caused by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at the rental unit(s). This exclusion applies regardless of whether such operations are:

1. Legally permitted or prohibited;
2. Permitted or prohibited under the terms of the lease; or
3. Usual to the intended occupancy of the premises.

This exclusion does not apply to loss or damage by fire or explosion that results from the release of a by-product of the production or processing operation.

C. If the loss or damage described in Paragraph B. of this endorsement results in Business Income loss or Extra Expense, there is no coverage for such loss or expense under the Business Income or Extra Expense Additional Coverages.

D. The conduct of a tenant's production or processing operations will not be considered to be vandalism of the rental premises regardless of whether such operations are:

1. Legally permitted or prohibited;
2. Permitted or prohibited under the terms of the lease; or
3. Usual to the intended occupancy of the premises.

All terms and conditions of this policy apply unless modified by this endorsement.

19800000059676



INSURED COPY

MD 58866



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMUNICABLE DISEASE EXCLUSION

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

- A. In Section I. COVERAGES, COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY, under paragraph 2. EXCLUSIONS, the following exclusions are added:

This insurance, including any duty we have to defend "suits", does not apply to:

Communicable Disease

This insurance does not apply to "bodily injury" or "property damage" or "personal and advertising injury" arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.

- B. In Section I. COVERAGES, COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY, under paragraph 2. EXCLUSIONS, the following exclusions are added:

This insurance, including any duty we have to defend "suits", does not apply to:

Communicable Disease

This insurance does not apply to "personal and advertising injury" arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.

All terms and conditions of this policy apply unless modified by this endorsement.

19800000059685



INSURED COPY

MD 58866



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDOMINIUM ASSOCIATION COVERAGE

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM
PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

A. As used throughout this endorsement, the term condominium includes townhouse.

B. Under the PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM, the following amendments are made:

1. Under Section A. COVERAGES, 1.

COVERED PROPERTY, Paragraph a. Buildings is replaced by the following:

a. **Buildings**, meaning the described buildings or structures at the described premises including:

- (1) Completed additions;
- (2) Fixtures, outside of individual units, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings;
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units; and
 - (e) Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, mast and towers;

(5) If not covered by other insurance:

- (a) Additions under construction, alterations and repairs to the building or structure;
- (b) Materials, equipment, supplies, and temporary structures, on or within 1,000 feet of the described premises, used for making

additions, alterations or repairs to the building or structure;

(6) Any of the following types of property contained within a unit, regardless of ownership, if your Condominium Association Agreement requires you to insure it:

- (a) Fixtures, improvements and alterations that are a part of the building or structure; and
- (b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping; and

(7) Garages, storage buildings, spas, swimming pools, fences, retaining walls or other appurtenant structures usual to your business, but only if:

- (a) Coverage is not already provided for such structures under the Appurtenant Structures Additional Coverage; and
- (b) Such structures are then designated in the Declarations as Covered Property.

But Building does not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in Paragraph B.1.a.(6) above.

2. Under Section A. COVERAGES, 1. COVERED PROPERTY, Paragraph b. Business Personal Property is replaced by the following:

- b. **Business Personal Property** located in or on the buildings or structures at the described premises or in the open (or in a vehicle) within 1,000 feet of the buildings or structures or within 1,000 feet of the premises described in the Declarations, whichever distance is greater, consisting of the following:

19800000059694



INSURED COPY

MD 58866

- (1) Personal property owned by you or owned indivisibly by all unit-owners;
- (2) Your interest in the labor, materials or services furnished or arranged by you on personal property of others; and
- (3) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under personal property of others.

Business Personal Property does not include personal property owned only by a unit-owner, unless it is in your care, custody or control as covered below.

This also includes property of others that is in your care, custody or control except as otherwise provided in Section E. PROPERTY LOSS CONDITIONS, 5. Loss Payment, paragraph e.(3)(b).

3. The following is added to Section E. PROPERTY LOSS CONDITIONS, 5. Loss Payment:

If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

4. The following is added to Section E. PROPERTY LOSS CONDITIONS:

Unit-Owner's Insurance

A unit-owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary, and not to contribute with such other insurance.

- C. Under the PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM, the following amendments are made:

1. The following is added to Section II. WHO IS AN INSURED:

Each individual unit-owner of the insured condominium, but only for liability arising out of the ownership, maintenance or repair of that portion of the premises which is not reserved for that unit-owner's exclusive use or occupancy.

2. Under Section I. COVERAGES, A. COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. EXCLUSIONS, paragraph p. Bodily Injury To Any Insured is removed.

- D. In the COMMON POLICY CONDITIONS, the following is added to Condition K. Transfer Of Rights Of Recovery Against Others To Us:

3. **Waiver Of Rights Of Recovery**

We waive our rights to recover payment from any unit-owner of the condominium that is shown in the Declarations.



All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESSOWNERS ADVANTAGE

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM
PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM
PREMIER BUSINESSOWNERS COMMON POLICY CONDITIONS

A. AMENDMENTS TO THE PROPERTY COVERAGE FORM

1. In Section A. COVERAGES, 6. COVERAGE EXTENSIONS, under paragraph c., Personal Property Off Premises, the following is added:

Additional Limits of Insurance - Business Personal Property Away From Premises

In addition to and excess over the limits of insurance provided for Personal Property Off Premises, whether provided in the PROPERTY COVERAGE FORM or under the optional endorsement PB 53 01, INCREASED LIMITS – BUSINESS PERSONAL PROPERTY AWAY FROM PREMISES, the most we will pay as additional insurance for loss or damage under this Personal Property Off Premises Coverage Extension is:

- (1) \$50,000 for Business Personal Property Away From Premises; and
- (2) \$25,000 for Business Personal Property Away From Premises in Transit.

HOWEVER, for Business Personal Property Away From Premises in Transit, the following additional exclusions apply:

We will not pay for loss or damage caused by or arising out of:

(1) **Unattended Vehicle**

Theft from an unattended vehicle, except when it is securely locked, its windows are fully closed and there is visible evidence that entry into the vehicle was forced. This exclusion does not apply to Covered Property in the custody of a carrier for hire.

(2) **Partial Contents**

Theft of part of the contents of any shipping package.

(3) **Employee**

Theft by an employee of yours, whether such employee is acting alone or in collusion with others.

2. Utility Services Additional Coverage (Including Business Income)

- a. We will pay for loss of or damage to the Buildings and Business Personal Property shown in the Declarations, including loss of "business income" or "extra expense", caused by the interruption of utility service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph b.(1) that follows, if such property is located outside of a covered building described in the Declarations.

Loss of Business Income or Extra Expense must arise from the necessary suspension of your "operations" during the "period of restoration".

b. **Additional Definitions**

For the purpose of this endorsement,

(1) Utility Services include:

- (a) Water Supply Services, meaning the following types or property supplying water to the described premises:

- (i) Pumping stations; and
- (ii) Water mains.

- (b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave, or television services to the described premises, such as:

- (i) Communication transmission lines, including optic fiber transmission lines;
- (ii) Coaxial cables; and
- (iii) Microwave radio relays except satellites.

19800000059703



INSURED COPY

MD 58866

It does include overhead transmission lines.

- (c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:
 - (i) Utility generating plants;
 - (ii) Switching stations;
 - (iii) Substations;
 - (iv) Transformers; and
 - (v) Transmission lines.

It does include overhead transmission lines.

- (2) "Period of restoration" shall mean the period of time that:
 - (a) Begins twelve hours after the interruption of service to the described premises forces you to suspend your "operations"; and
 - (b) Ends when the utility service to the described premises is restored.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- (i) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (ii) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

3. ADVANTAGE Blanket Additional Limit of Insurance

In addition to and excess over the limits of insurance provided:

- a. In Section A. COVERAGES, under 5. ADDITIONAL COVERAGES, for:
 - (1) Debris Removal, paragraph a.(4);
 - (2) Forgery And Alteration, paragraph l.(4);
 - (3) Back Up Of Sewer Or Drain Water Damage, paragraph r.(3); and
- b. In Section A. COVERAGES, under 6. COVERAGE EXTENSIONS, for:

(1) Valuable Papers and Records, the first paragraph of g.(3);

(2) Accounts Receivable, the first paragraph of h.(2); and

- c. If a Utility Services Limit of Insurance is shown at a described premises in the Declarations, for Utility Services – Additional Coverage (Including Business Income);

the most we will pay per building as additional insurance in any one occurrence for the sum of all loss or damage covered by these Additional Coverages and Coverage Extensions, is the ADVANTAGE Blanket Additional Limit of Insurance shown in the Declarations.

HOWEVER:

- a. If no Utility Services Limit of Insurance is shown at a described premises in the Declarations, the ADVANTAGE Blanket Additional Limit of Insurance applies to the Utility Services – Additional Coverage provided in paragraph A.2. of this endorsement; and
- b. For the Back Up Of Sewer Or Drain Water Damage Additional Coverage, the policy aggregate limit shown for Back Up Of Sewer Or Drain in the Declarations is also increased by adding to it the dollar amount of the ADVANTAGE Blanket Additional Limit of Insurance shown in the Declarations.

4. Deductibles

For coverage in this endorsement that is excess over coverage provided elsewhere in the policy, the underlying deductible continues to apply.

HOWEVER, if no Utility Services Limit of Insurance is shown at a described premises in the Declarations, under the Utility Services Additional Coverage provided in this endorsement, a \$1,000 deductible applies to the direct loss or damage portion of a loss.

B. AMENDMENTS TO THE LIABILITY COVERAGE FORM

- 1. Under Section I. COVERAGES, A. COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. EXCLUSIONS, exclusion g. Aircraft, Auto Or Watercraft, paragraph (2)(a) is deleted and replaced by:
 - (a) Less than 51 feet long; and
- 2. Under SECTION I. COVERAGES, D. SUPPLEMENTARY PAYMENTS –



COVERAGES A AND B, paragraphs 1.b. and 1.d. are deleted and replaced by:

- b. Up to \$2,500 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
 - d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.
3. In SECTION II. WHO IS AN INSURED, paragraph 3.a. is deleted and replaced by:
- a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
4. Under SECTION V. DEFINITIONS, definition 3. "Bodily injury" is deleted and replaced by: "Bodily injury" means bodily injury, sickness or disease sustained by a person, including mental anguish, mental injury, shock, fright or death resulting from any of these at any time.
5. Under SECTION IV. LIABILITY CONDITIONS, the following applies to paragraph 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit:

Your obligation under relative to notifying us of "occurrence", offense, claim or "suit", applies only when the "occurrence", offense, claim or "suit" is known to:

- a. You, or your spouse, if you are an individual;
- b. You, an "executive officer", director, or stockholder, if you are a corporation;
- c. A partner, member, or their spouses if you are a partnership or joint venture;
- d. You, a member, or your managers, if you are a limited liability company;
- e. You, or a trustee, if you are a trust;
- f. An "employee" who is either designated by you to give such notice of an "occurrence" or offense (such as an insurance, loss control or risk manager or administrator) or a manager or supervisor responsible for the operation or oversight of a department, crew, business unit or division.

C. AMENDMENTS TO THE COMMON POLICY CONDITIONS

Under Section C. CONCEALMENT, MISREPRESENTATION OR FRAUD, the following is added.

If you unintentionally fail to disclose any hazards existing at the inception of your policy, we will not deny coverage under this policy because of such failure.

All terms and conditions of this policy apply unless modified by this endorsement.

19800000059712



INSURED COPY

MD 58866



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
THIS ENDORSEMENT PROVIDES CLAIMS-MADE COVERAGE.**

**DIRECTORS AND OFFICERS LIABILITY
(COOPERATIVES OR CONDOMINIUMS)
WITH NON-MONETARY RELIEF**

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

SCHEDULE

Limits Of Insurance: See the Liability Declarations

Coverage Period: Beginning from the Retroactive Date to the end of the Policy Period stated in the Declarations for this policy.

Retroactive Date: See the Liability Declarations

A. The following is added to Section I.
COVERAGES:

**DIRECTORS AND OFFICERS LIABILITY
(COOPERATIVES OR CONDOMINIUMS)**

1. INSURING AGREEMENT

We will pay those sums up to the applicable Limit of Insurance that the "insured", as defined in this endorsement, becomes legally obligated to pay as damages for any "claims" made arising out of a "wrongful act" committed during the Coverage Period shown in the Schedule of this endorsement and to which this insurance applies. A "claim" seeking damages will be deemed to have been made when notice of such "claim" is received and recorded by an "insured" or by us, whichever comes first during the Coverage Period shown in the Schedule of this endorsement. Any "claims" received and recorded by the "insured" within sixty (60) days after the end of the policy period will be considered to have been received within the policy period. We will have the right and duty to defend any "insured" against a "suit" seeking those damages for a "claim" for which there is coverage under DIRECTORS AND OFFICERS LIABILITY.

HOWEVER,

- a. No coverage applies for any "wrongful acts" which occur prior to the Retroactive Date shown in the Declarations; and
- b. We will have no duty to defend the "insured" against any "suit" seeking

damages for "wrongful acts" to which this insurance does not apply.

c. We may, at our sole discretion, investigate any "wrongful acts" and settle any "claim" or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in B. LIMITS OF INSURANCE that follows; and
- (2) Our right and duty to defend will end when we have used up the applicable limit of insurance in the payment of judgments or settlements under this coverage.

d. All "claims" by one or more claimants for "damages" based on or arising out of:

- (1) One "wrongful act"; or
- (2) An "interrelated wrongful act";

by one or more insureds shall be deemed to be one "claim" and to have been made at the time the first of those "claims" is made against any insured.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS – COVERAGES A AND B.

2. SUPPLEMENTAL EXTENDED REPORTING PERIOD

If the policy to which this DIRECTORS AND OFFICERS LIABILITY endorsement is attached is cancelled or non-renewed for any reason, you have the option to extend the

19800000059728



INSURED COPY

MD 56866

reporting period of this endorsement upon payment of an additional premium.

HOWEVER, this supplemental extended reporting period applies:

- a. Only to a "wrongful act" which occurred during the Coverage Period; and
 - b. Only if this option is exercised within sixty (60) days after the expiration date of the policy or this endorsement.
3. In Section I. COVERAGES, under D. SUPPLEMENTARY PAYMENTS, the following provision is added:

Paragraph 1. of the SUPPLEMENTARY PAYMENTS – COVERAGES A AND B also applies to the coverage provided by DIRECTORS AND OFFICERS LIABILITY.

4. **EXCLUSIONS**

The following exclusions apply to DIRECTORS AND OFFICERS LIABILITY. This insurance, including any duty we have to defend "suits", does not apply to "claims":

- a. For "bodily injury" or "personal and advertising injury".
- b. Due to "property damage" to any owned or non-owned property, including loss of use thereof or loss of earnings therefrom, whether such loss shall be direct or indirect or of contingent nature.
- c. For an accounting of profits or losses made from the purchase or sale of securities.
- d. For salary, compensation or bonuses voted to "directors" or "officers" by your Board of Directors.
- e. Based on or attributable to any:
 - (1) "Wrongful acts" in judgment or discretion in procuring and maintaining insurance or bonds;
 - (2) Failure or omission in effecting and maintaining insurance or bonds; or
 - (3) "Wrongful acts" with respect to amounts, forms, conditions or provisions of insurance or bonds.
- f. For transactions of any "insured" gaining a personal profit or advantage not shared equitably by your owners.
- g. For any liability or legal obligation of any "insured" arising out of any of the following:
 - (1) Any federal, state, county, municipal or local law, ordinance, order, directive or regulation barring discrimination, including but not

limited to those based on race, color, national origin, ancestry, citizenship, gender, sexual orientation, marital status, religion or religious belief, age, economic status, income, medical condition, pregnancy, parenthood or mental or physical disability;

- (2) Any state, federal or governmental antitrust statute or regulation, including but not limited to the Racketeer Influenced and Corrupt Organizations Act (RICO), the Securities Act of 1933, the Securities Exchange Act of 1934, or any state Blue Sky law;
 - (3) The Employees' Retirement Income Security Act (E.R.I.S.A.) of 1974; or
 - (4) Any other similar statutes, ordinances, orders, directives or regulations.
- h. For punitive damages.
- HOWEVER, if a "suit" is brought against the "insured" with respect to a "claim" for acts or alleged acts falling within the coverage of this endorsement, seeking both compensatory and punitive or exemplary damages, then we will provide a defense to such action without liability for such punitive or exemplary damages.
- i. If judgments adverse to the "insured" establish that their affirmative dishonesty or actual intent to deceive or defraud was material to the cause of action so adjudicated.
- j. For any injury or damage arising out of:
- (1) Asbestos including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of asbestos or any other duty involving asbestos;
 - (2) Electromagnetic emissions or radiation including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of electromagnetic emissions or radiation or any other duty involving electromagnetic emissions or radiation;



- (3) Lead including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of lead or any other duty involving lead; or
- (4) Radon or any other radioactive emissions, manmade or natural, including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of radon or any other radioactive emissions or any other duty involving radon or other radioactive emissions.

k. For:

- (1) Any injury or damage arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.
- (2) Any loss, cost or expense arising out of any:
 - (a) Request, demand, order or statutory or regulatory requirement that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (b) "Claim" or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effect of "pollutants".

l. For:

- (1) Refusal to employ;
- (2) Termination of employment;
- (3) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination; or

- (4) The spouse, child, parent, brother or sister of that person as a consequence of any of the employment-related practices described in Paragraphs (1), (2), or (3) above.

This exclusion applies:

- (1) Whether the "insured" may be liable as an employer or in any other capacity; and
 - (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.
- m. For any construction or development activities or operations performed by or on behalf of the developer/sponsor of your "association's" property, including but not limited to, loss or damage arising out of construction, construction materials, landscape, design, surveys, or engineering services performed by or on behalf of such developer/sponsor.
 - o. Arising out of any demand, "suit" or other proceeding against any insured which was pending on or existed prior to the applicable Pending Or Prior Litigation Date shown in the Schedule, or arising out of the same or substantially the same facts, circumstances or allegations which are the subject of, or the basis for such demand, "suit" or other proceeding.
 - p. For liability under or breach of any oral, written or implied contract or agreement, or for liability of others assumed by the "association" under any such contract or agreement, except if the "association" would have been liable in the absence of such contract or agreement.
 - q. Brought by or on behalf of the "association" or any "insured", in any capacity, except a "claim" that is a derivative action brought on behalf of the "association" by one or more unit-owners who are not "insureds" and who bring the "claim" without the solicitation, assistance or participation of any "insured" or the "association".
 - r. Arising out of "wrongful acts" in the selection or direct or indirect supervision of any contractor or subcontractor liable or alleged to be liable for any defect in construction at any premises insured under this policy.

A "wrongful act" committed by any "insured" shall not be imputed to any other "insured" for purposes of applying the exclusions set forth in this Paragraph 4.

19800000059737



INSURED COPY

MD 58866

B. LIMITS OF INSURANCE

1. Directors and Officers Liability Aggregate Limit

The Limit Of Insurance stated in the Declarations as aggregate is the most we will pay for all loss covered under DIRECTORS AND OFFICERS LIABILITY.

2. Directors and Officers Liability Wrongful Act Limit

Subject to 1. Above, the Limit Of Insurance stated in the Declarations as applicable to each "wrongful act" is the most we will pay for all loss incurred on account of any one "wrongful act" covered under DIRECTORS AND OFFICERS LIABILITY.

- 3. All "claims" or "suits" arising out of the same "wrongful act" shall be considered as arising out of one "wrongful act".
- 4. The inclusion of more than one "insured" shall not operate to increase the Limits Of Insurance. Our maximum liability will not exceed the limits stated in the Declarations.
- 5. The Limits of Insurance for DIRECTORS AND OFFICERS LIABILITY stated in the Declarations apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

C. AMENDED CONDITION

Under Section IV. LIABILITY CONDITIONS, the following is added to Condition 2. Duties in the Event of Occurrence, Offense, Claim or Suit, paragraph a.:

You and any other "insured" must also see to it that we are notified as soon as practicable of a "wrongful act" that may result in a "claim".

D. ADDITIONAL DEFINITIONS

The following additional definitions are added to Section V. DEFINITIONS:

- 1. **"Association"** means the condominium association named in the Declarations.
- 2. **"Claim"** means a demand for monetary damages or non-monetary relief.
- 3. **"Director"** means a director of the Named Insureds shown on the Declarations.

- 4. With respect only to the coverage provided by this endorsement and superseding any other meaning:

"Insured" means:

- a. You;
- b. Your "directors" or "officers", but only with respect to their duties for you;
- c. Your current or former:
 - (1) Employees;
 - (2) Committee members;
 - (3) Board members;
 - (4) Volunteers;

But only while acting at your direction, or the direction of your "directors" or "officers", and within the scope of their duties for you.

- d. Your property or real estate manager; but only while acting at your direction, or the direction of your "directors" or "officers", and within the scope of their duties for you.

HOWEVER, your property or real estate manager is not an "insured" for "claims" or "suits" brought against them by you.

- e. Spouses of current or former "directors" or "officers" and legally recognized domestic partners of current or former "directors" or "officers", but only for "claims" arising out of "claims" against those "directors" or "officers" and only while acting at your direction, or the direction of your "directors" or "officers", and within the scope of their duties for you.
- f. Any other natural person, and their estate, guardian or legal representative, who is no longer your "director" or "officer" at the time of discovery of a "wrongful act", but who was a "director" or "officer" at the time the "wrongful act" was committed.

- 5. **"Interrelated wrongful act"** means all causally connected "wrongful acts".
- 6. **"Officer"** means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
- 7. With respect only to the coverage provided by this endorsement, the definition of "suit" is replaced by:

"Suit" means a civil proceeding in which damages because of any "wrongful act" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the "insured" must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the "insured" submits with our consent.
8. **"Wrongful act"** means:
- a. With respect to the "insured", any actual or alleged error, misstatement, mis-

- leading statement, neglect or breach of duty, omission or act by the "insured" in their insured position or capacity for the "association"; or any matter claimed against them solely by reason of their serving in such insured position or capacity. This does not apply to a position or capacity in any entity other than the "association", even if the "association" directed or requested the "insured" to serve in such other position or capacity.
- b. With respect to the "association", any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by the "association".

All terms and conditions of this policy apply unless modified by this endorsement.

19800000059746



INSURED COPY

MD 56866



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REPLACEMENT COST EXTENSION – BUILDING

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

When the Declarations show that the Replacement Cost Extension option applies to a building at a premises described in the Declarations, we will make payment based upon your representations and agreement to insure such building at 100% of its replacement cost value:

- A. The most we will pay for loss or damage in any one occurrence for that building is the Building Limit of Insurance shown in the Declarations increased to 125% of the amount stated in the Declarations (an increase of 25%). This increase applies after application of the Inflation Guard – Building provisions in Section C. **LIMITS OF INSURANCE.**
- B. Within 30 days of completion of the construction of any additions, improvements or enlargements you make to the building, you agree to report to us the additional 100% replacement cost value of this construction.

If such value is not reported to us within 30 days and, at the time of loss, the replacement cost value of the unreported construction is greater than 5% of the original building's 100% replacement cost value, any loss paid on a replacement cost basis shall be adjusted with a coinsurance penalty equal to the percentage that the original building's 100% replacement cost value bears to the total replacement cost value of the building, including the unreported construction.

EXAMPLE: The original building's 100% replacement cost value was \$1,000,000 with an unreported addition of \$100,000; a loss occurs with \$500,000 in damages.

The coinsurance penalty = $\$1,000,000 / \$1,100,000 = 0.909$.

We will pay no more than $\$500,000 \times 0.909 = \$454,500$.

All terms and conditions of this policy apply unless modified by this endorsement.

19800000059755



INSURED COPY

MD 58866



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDMENT – EMPLOYEE DISHONESTY OPTIONAL
COVERAGE – CONDOMINIUM, TOWNHOUSE OR
HOMEOWNERS ASSOCIATION**

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

COMPENSATED OFFICERS AND APPOINTED AGENTS AS EMPLOYEES

In Section G. OPTIONAL COVERAGES, under 1. Employee Dishonesty Optional Coverage, the following provision is added and applies only if the Named Insured is a Condominium, Townhouse or Homeowners Association:

To the extent that loss or damage is covered by this Optional Coverage, your employees shall also include:

- A. Your non-compensated officers; and
- B. Each person, partnership or corporation you appoint in writing to act as your agent on your behalf or while in possession of Covered Property. These persons, partnerships or corporations are not covered for performance of duty.

Each such agent and the partners, officers and employees of that agent are considered to be, collectively, one employee for the purpose of this insurance.

All terms and conditions of this policy apply unless modified by this endorsement.

19800000059764



INSURED COPY

MD 58866



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DATA COMPROMISE COVERAGE

RESPONSE EXPENSES AND DEFENSE AND LIABILITY

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

Under Section A. COVERAGES, 5. ADDITIONAL COVERAGES, the following Additional Coverage is added:

SECTION 1 – RESPONSE EXPENSES

DATA COMPROMISE COVERED CAUSE OF LOSS

Coverage under this Data Compromise Coverage endorsement applies only if all of the following conditions are met:

1. There has been a "personal data compromise";
2. Such "personal data compromise" is first discovered by you during the policy period for which this Data Compromise Coverage endorsement is applicable; and
3. Such "personal data compromise" is reported to us within 60 days after the date it is first discovered by you.

All incidents of "personal data compromise" that are discovered at the same time or arise from the same cause will be considered one "personal data compromise".

COVERAGE – SECTION 1

If the three conditions listed above in DATA COMPROMISE – COVERED CAUSE OF LOSS have been met, then we will provide coverage for the following expenses when they arise directly from the covered cause of loss and are necessary and reasonable. Coverages 4. and 5. apply only if there has been a notification of the "personal data compromise" to "affected individuals" as covered under Coverage 3.

1. Forensic IT Review

Professional information technologies review if needed to determine, within the constraints of what is possible and reasonable, the nature and extent of the "personal data compromise" and the number and identities of the "affected individuals".

This does not include costs to analyze, research or determine any of the following:

- a. Vulnerabilities in systems, procedures or physical security;

- b. Compliance with Payment Card Industry or other industry security standards; or
- c. The nature or extent of loss or damage to data that is not "personally identifying information" or "personally sensitive information".

If there is reasonable cause to suspect that a covered "personal data compromise" may have occurred, we will pay for costs covered under Forensic IT Review, even if it is eventually determined that there was no covered "personal data compromise".

HOWEVER, once it is determined that there was no covered "personal data compromise", we will not pay for any further costs.

2. Legal Review

Professional legal counsel review of the "personal data compromise" and how you should best respond to it.

If there is reasonable cause to suspect that a covered "personal data compromise" may have occurred, we will pay for costs covered under Legal Review, even if it is eventually determined that there was no covered "personal data compromise".

HOWEVER, once it is determined that there was no covered "personal data compromise", we will not pay for any further costs.

3. Notification to Affected Individuals

We will pay your necessary and reasonable costs to provide notification of the "personal data compromise" to "affected individuals".

4. Services to Affected Individuals

We will pay your necessary and reasonable costs to provide the following services to "affected individuals".

- a. The following services apply to any "personal data compromise".

(1) Informational Materials

A packet of loss prevention and customer support information.

19800000059773



INSURED COPY

MD 58866

(2) Help Line

A toll-free telephone line for "affected individuals" with questions about the "personal data compromise". Where applicable, the line can also be used to request additional services as listed in b.(1) and b.(2).

- b. The following additional services apply to "personal data compromise" events involving "personally identifying information".

(1) Credit Report and Monitoring

A credit report and an electronic service automatically monitoring for activities affecting an individual's credit records. This service is subject to the "affected individual" enrolling for this service with the designated service provider.

(2) Identity Restoration Case Management

As respects any "affected individual" who is or appears to be a victim of "identity theft" that may reasonably have arisen from the "personal data compromise", the services of an identity restoration professional who will assist that "affected individual" through the process of correcting credit and other records and, within the constraints of what is possible and reasonable, restoring control over his or her personal identity.

5. PR Services

Professional public relations firm review of and response to the potential impact of the "personal data compromise" on your business relationships.

This includes costs to implement public relations recommendations of such firm. This may include advertising and special promotions designed to retain your relationship with "affected individuals".

HOWEVER, we will not pay for promotions:

- a. Provided to any of your directors or employees; or
- b. Costing more than \$25 per "affected individual".

LIMITS – SECTION 1

The most we will pay under Response Expenses coverage is the Data Compromise Response Expenses Limit for this endorsement as indicated on the Declarations.

The Data Compromise Response Expenses Limit is an annual aggregate limit. This amount is the most we will pay for the total of all loss covered under Section 1. arising out of all "personal data compromise" events which are first discovered by you during the present annual policy period. This limit applies

regardless of the number of "personal data compromise" events discovered by you during that period.

A "personal data compromise" may be first discovered by you in one policy period but cause covered costs in one or more subsequent policy periods. If so, all covered costs arising from such "personal data compromise" will be subject to the Data Compromise Response Expenses Limit applicable to the policy period when the "personal data compromise" was first discovered by you.

The most we will pay under Response Expenses coverage for loss arising from any "malware-related compromise" is the Named Malware (Sec. 1) sublimit for this endorsement as indicated on the Declarations. For the purpose of the Named Malware (Sec. 1) sublimit, all "malware-related compromises" that are caused, enabled or abetted by the same virus or other malicious code are considered to be a single "personal data compromise".

The most we will pay under Forensic IT Review, Legal Review and PR Services coverages for loss arising from any one "personal data compromise" is the applicable sublimit for each of those coverages as indicated on the Declarations. These sublimits are part of, and not in addition to, the Data Compromise Response Expenses Limit. PR Services coverage is also subject to a limit per "affected individual" as described in 5. PR Services.

Coverage for Services to "affected individuals" is limited to costs to provide such services for a period of up to one year from the date of the notification to the "affected individuals". Notwithstanding, coverage for Identity Restoration Case Management services initiated within such one year period may continue for a period of up to one year from the date such Identity Restoration Case Management services are initiated.

DEDUCTIBLE – SECTION 1

Response Expenses coverage is subject to the Response Expenses Deductible for this endorsement as indicated on the Declarations. You shall be responsible for such deductible amount as respects each "personal data compromise" covered under this endorsement.

SECTION 2 – DEFENSE AND LIABILITY

DEFENSE AND LIABILITY COVERED CAUSE OF LOSS

Coverage under this Data Compromise Coverage endorsement applies only if all three of the conditions in DATA COMPROMISE – COVERED CAUSE OF LOSS are met.



Only with regard to Section 2 – Defense and Liability coverage, the following conditions must also be met:

1. You have provided notifications and services to “affected individuals” in consultation with us pursuant to Response Expenses coverage;
2. You receive notice of a “data compromise suit” brought by one or more “affected individuals” or by a governmental entity on behalf of one or more “affected individuals”;
3. Notice of such “data compromise suit” is received by you within two years of the date that the “affected individuals” are notified of the “personal data compromise”; and
4. Such “data compromise suit” is reported to us as soon as practicable, but in no event more than 60 days after the date it is first received by you.

COVERAGE – SECTION 2

If all of the conditions listed above in DEFENSE AND LIABILITY – COVERED CAUSE OF LOSS have been met, then we will provide coverage for “data compromise defense costs” and “data compromise liability” directly arising from the covered cause of loss.

LIMITS – SECTION 2

The most we will pay under Defense and Liability coverage (other than post-judgment interest) is the Data Compromise Defense and Liability Limit for this endorsement as indicated on the Declarations.

The Data Compromise Defense and Liability Limit is an annual aggregate limit. This amount is the most we will pay for all loss covered under Section 2. (other than post-judgment interest) arising out of all “personal data compromise” events which are first discovered by you during the present annual policy period. This limit applies regardless of the number of “personal data compromise” events discovered by you during that period.

A “personal data compromise” may be first discovered by you in one policy period but cause covered costs in one or more subsequent policy periods. If so, all covered costs arising from such “personal data compromise” (other than post-judgment interest) will be subject to the Data Compromise Defense and Liability Limit applicable to the policy period when the “personal data compromise” was first discovered by you.

The most we will pay under Defense and Liability coverage for loss arising from any “malware-related compromise” is the Named Malware (Sec. 2) sublimit for this endorsement as indicated on the Declarations. For the purpose of the Named Malware (Sec. 2) sublimit, all “malware-related compromises” that are caused, enabled or abetted by the same virus or other

malicious code are considered to be a single “personal data compromise”. This sublimit is part of, and not in addition to, the Defense and Liability Limit.

DEDUCTIBLE – SECTION 2

Defense and Liability coverage is subject to the Defense and Liability Deductible for this endorsement as indicated on the Declarations. You shall be responsible for such deductible amount as respects each “data compromise suit” covered under this endorsement.

EXCLUSIONS, ADDITIONAL CONDITIONS AND DEFINITIONS APPLICABLE TO BOTH SECTION 1 AND SECTION 2

EXCLUSIONS

The following additional exclusions apply to this coverage:

We will not pay for costs arising from the following:

1. Your intentional or willful complicity in a “personal data compromise”.
2. Any criminal, fraudulent or dishonest act, error or omission, or any intentional or knowing violation of the law by you.
3. Any “personal data compromise” occurring prior to the first inception of this Data Compromise Coverage endorsement or any coverage substantially similar to that described in this endorsement.
4. Costs to research or correct any deficiency. This includes, but is not limited to, any deficiency in your systems, procedures or physical security that may have contributed to a “personal data compromise”.
5. Any fines or penalties. This includes, but is not limited to, fees or surcharges from affected financial institutions.
6. Any criminal investigations or proceedings.
7. Any extortion or blackmail. This includes, but is not limited to, ransom payments and private security assistance.
8. Any “personal data compromise” involving data that is being transmitted electronically, unless such data is encrypted to protect the security of the transmission.
9. Your reckless disregard for the security of “personally identifying information” or “personally sensitive information” in your care, custody or control.
10. That part of any “data compromise suit” seeking any non-monetary relief.

19800000059782



INSURED COPY

MD 58866

ADDITIONAL CONDITIONS

The following Additional Conditions apply to all coverages under this endorsement.

A. Data Compromise Liability Defense

1. We shall have the right and the duty to assume the defense of any applicable "data compromise suit" against you. You shall give us such information and cooperation as we may reasonably require.
2. You shall not admit liability for or settle any "data compromise suit" or incur any defense costs without our prior written consent.
3. If you refuse to consent to any settlement recommended by us and acceptable to the claimant, we may then withdraw from your defense by tendering control of the defense to you. From that point forward, you shall, at your own expense, negotiate or defend such "data compromise suit" independently of us. Our liability shall not exceed the amount for which the claim or suit could have been settled if such recommendation was consented to, plus defense costs incurred by us, and defense costs incurred by you with our written consent, prior to the date of such refusal.
4. We shall not be obligated to pay any damages or defense costs, or to defend or continue to defend any "data compromise suit", after the Data Compromise Defense and Liability Limit has been exhausted.
5. We shall pay all interest on that amount of any judgment within the Data Compromise Defense and Liability Limit which accrues:
 - a. After entry of judgment; and
 - b. Before we pay, offer to pay or deposit in court that part of the judgment within the Data Compromise Defense and Liability Limit or, in any case, before we pay or offer to pay the entire Data Compromise Defense and Liability Limit.

These interest payments shall be in addition to and not part of the Data Compromise Defense and Liability Limit.

B. Duties in the Event of a "Data Compromise Suit"

1. If a "data compromise suit" is brought against you, you must:
 - a. Immediately record the specifics of the "data compromise suit" and the date received;
 - b. Provide us with written notice, as soon as practicable, but in no event more than 60

days after the date the "data compromise suit" is first received by you;

- c. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "data compromise suit";
- d. Authorize us to obtain records and other information;
- e. Cooperate with us in the investigation, settlement or defense of the "data compromise suit";
- f. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to you because of loss to which this insurance may also apply; and
- g. Not take any action, or fail to take any required action, that prejudices your rights or our rights with respect to such "data compromise suit".

2. You may not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our prior written consent.
3. If you become aware of a claim or complaint that may become a "data compromise suit", you shall promptly inform us of such claim or complaint.

C. Due Diligence

You agree to use due diligence to prevent and mitigate costs covered under this endorsement. This includes, but is not limited to, complying with, and requiring your vendors to comply with, reasonable and industry-accepted protocols for:

1. Providing and maintaining appropriate physical security for your premises, computer systems and hard copy files;
2. Providing and maintaining appropriate computer and Internet security;
3. Maintaining and updating at appropriate intervals backups of computer data;
4. Protecting transactions, such as processing credit card, debit card and check payments; and
5. Appropriate disposal of files containing "personally identifying information" or "personally sensitive information", including shredding hard copy files and destroying physical media used to store electronic data.

D. Legal Advice

We are not your legal advisor. Our determination of what is or is not covered under this Data Compromise Coverage endorsement does not



represent advice or counsel from us about what you should or should not do.

E. Pre-Notification Consultation

You agree to consult with us prior to the issuance of notification to "affected individuals". We assume no responsibility under this Data Compromise Coverage for any services promised to "affected individuals" without our prior agreement. If possible, this pre-notification consultation will also include the designated service provider(s) as agreed to under Additional Condition F. Service Providers. You must provide the following at our pre-notification consultation with you:

1. The exact list of "affected individuals" to be notified, including contact information.
2. Information about the "personal data compromise" that may appropriately be communicated with "affected individuals".
3. The scope of services that you desire for the "affected individuals". For example, coverage may be structured to provide fewer services in order to make those services available to more "affected individuals" without exceeding the available Response Expenses Limit.

F. Service Providers

1. We will only pay under this Data Compromise Coverage for services that are provided by service providers approved by us. You must obtain our prior approval for any service provider whose expenses you want covered under this Data Compromise Coverage. We will not unreasonably withhold such approval.
2. Prior to the Pre-Notification Consultation described in Additional Condition E. above, you must come to agreement with us regarding the service provider(s) to be used for the Notification to Affected Individuals and Services to Affected Individuals. We will suggest a service provider. If you prefer to use an alternate service provider, our coverage is subject to the following limitations:
 - a. Such alternate service provider must be approved by us;
 - b. Such alternate service provider must provide services that are reasonably equivalent or superior in both kind and quality to the services that would have been provided by the service provider we had suggested; and
 - c. Our payment for services provided by any alternate service provider will not exceed the amount that we would have paid

using the service provider we had suggested.

G. Services

The following conditions apply as respects any services provided to you or any "affected individual" by us, our designees or any service firm paid for in whole or in part under this Data Compromise coverage:

1. The effectiveness of such services depends on your cooperation and assistance.
2. All services may not be available or applicable to all individuals. For example, "affected individuals" who are minors or foreign nationals may not have credit records that can be provided or monitored. Service in Canada will be different from service in the United States and Puerto Rico in accordance with local conditions.
3. We do not warrant or guarantee that the services will end or eliminate all problems associated with the covered events.
4. You will have a direct relationship with the professional service firms paid for in whole or in part under this coverage. Those firms work for you.

DEFINITIONS

With respect to the provisions of this endorsement only, the following definitions are added:

1. **"Affected Individual"** means any person who is your current, former or prospective customer, client, member, owner, director or employee and whose "personally identifying information" or "personally sensitive information" is lost, stolen, accidentally released or accidentally published by a "personal data compromise" covered under this endorsement. This definition is subject to the following provisions:
 - a. "Affected individual" does not include any business or organization. Only an individual person may be an "affected individual".
 - b. An "affected individual" must have a direct relationship with your interests as insured under this policy. The following are examples of individuals who would not meet this requirement:
 - (1) If you aggregate or sell information about individuals as part of your business, the individuals about whom you keep such information do not qualify as "affected individuals".

HOWEVER, specific individuals may qualify as "affected individuals" for another reason, such as being an employee of yours.

19800000059791



INSURED COPY

MD 58866

- (2) If you store, process, transmit or transport records, the individuals whose "personally identifying information" or "personally sensitive information" you are storing, processing, transmitting or transporting for another entity do not qualify as "affected individuals".

HOWEVER, specific individuals may qualify as "affected individuals" for another reason, such as being an employee of yours.

- (3) You may have operations, interests or properties that are not insured under this policy. Individuals who have a relationship with you through such other operations, interests or properties do not qualify as "affected individuals".

HOWEVER, specific individuals may qualify as "affected individuals" for another reason, such as being an employee of the operation insured under this policy.

- c. An "affected individual" may reside anywhere in the world.

- 2. **"Data Compromise Defense Costs"** means expenses resulting solely from the investigation, defense and appeal of any "data compromise suit" against you. Such expenses must be reasonable and necessary. They will be incurred by us. They do not include your salaries or your loss of earnings. They do include premiums for any appeal bond, attachment bond or similar bond, but without any obligation to apply for or furnish any such bond.

3. **"Data Compromise Liability"**

- a. "Data compromise liability" means the following, when they arise from a "data compromise suit":
 - (1) Damages, judgments or settlements to "affected individuals";
 - (2) Defense costs added to that part of any judgment paid by us, when such defense costs are awarded by law or court order; and
 - (3) Pre-judgment interest on that part of any judgment paid by us.
- b. "Data compromise liability" does not mean:
 - (1) Damages, judgments or settlements to anyone who is not an "affected individual";
 - (2) Civil or criminal fines or penalties imposed by law;
 - (3) Punitive or exemplary damages;

- (4) The multiplied portion of multiplied damages;
- (5) Taxes; or
- (6) Matters which may be deemed uninsurable under the applicable law.

4. **"Data Compromise Suit"**

- a. "Data Compromise Suit" means a civil proceeding in which damages to one or more "affected individuals" arising from a "personal data compromise" or the violation of a governmental statute or regulation are alleged. Such proceeding must be brought in the United States of America, Puerto Rico or Canada. "Data compromise suit" includes:

- (1) An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent;
- (2) Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent; or
- (3) A written demand for money, when such demand could reasonably result in a civil proceeding as described in this definition.

- b. "Data compromise suit" does not mean any demand or action brought by or on behalf of someone who is:

- (1) Your director or officer;
- (2) Your owner or part-owner; or
- (3) A holder of your securities;

in their capacity as such, whether directly, derivatively, or by class action. "Data compromise suit" will include proceedings brought by such individuals in their capacity as "affected individuals", but only to the extent that the damages claimed are the same as would apply to any other "affected individual".

- c. "Data compromise suit" does not mean any demand or action brought by or on behalf of an organization, business, institution or any other party that is not an "affected individual" or governmental entity.

- 5. **"Identity Theft"** means the fraudulent use of "personally identifying information". This includes fraudulently using such information to establish credit accounts, secure loans, enter into contracts or commit crimes.

"Identity theft" does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.

- 6. **"Malware-Related Compromise"** means a "personal data compromise" that is caused, enabled or abetted by a virus or other malicious



code that, at the time of the "personal data compromise", is named and recognized by the CERT@ Coordination Center, McAfee@, Secunia, Symantec or other comparable third party monitors of malicious code activity.

7. "Personal Data Compromise" means the loss, theft, accidental release or accidental publication of "personally identifying information" or "personally sensitive information" as respects one or more "affected individuals". If the loss, theft, accidental release or accidental publication involves "personally identifying information", such loss, theft, accidental release or accidental publication must result in or have the reasonable possibility of resulting in the fraudulent use of such information. This definition is subject to the following provisions:

- a. At the time of the loss, theft, accidental release or accidental publication, the "personally identifying information" or "personally sensitive information" need not be at the insured premises but must be in the direct care, custody or control of:
 - (1) You; or
 - (2) A professional entity with which you have a direct relationship and to which you (or an "affected individual" at your direction) have turned over (directly or via a professional transmission or transportation provider) such information for storage, processing, transmission or transportation of such information.
- b. "Personal data compromise" includes disposal or abandonment of "personally identifying information" or "personally

sensitive information" without appropriate safeguards such as shredding or destruction, subject to the following provisions:

- (1) The failure to use appropriate safeguards must be accidental and not reckless or deliberate; and
 - (2) Such disposal or abandonment must take place during the time period for which this Data Compromise Coverage endorsement is effective.
- c. "Personal data compromise" includes situations where there is a reasonable cause to suspect that such "personally identifying information" or "personally sensitive information" has been lost, stolen, accidentally released or accidentally published, even if there is no firm proof.
8. "Personally Identifying Information" means information, including health information, that could be used to commit fraud or other illegal activity involving the credit, access to health care or identity of an "affected individual". This includes, but is not limited to, Social Security numbers or account numbers.
- "Personally identifying information" does not mean or include information that is otherwise available to the public.
9. "Personally Sensitive Information" means private information specific to an individual the release of which requires notification of "affected individuals" under any applicable law.
- "Personally sensitive information" does not mean or include "personally identifying information".
10. "You" means the named insured.

All terms and conditions of this policy apply unless modified by this endorsement.

19800000059800



INSURED COPY

MD 58866



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBERONE COVERAGE

COMPUTER ATTACK AND NETWORK SECURITY LIABILITY

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

Under Section A. COVERAGES, 5. ADDITIONAL COVERAGES, the following Additional Coverage is added:

SECTION 1 – COMPUTER ATTACK

SECTION 1 – COVERED CAUSE OF LOSS

This Computer Attack coverage applies only if all of the following conditions are met:

1. There has been a "computer attack"; and
2. Such "computer attack" is first discovered by you during the policy period for which this endorsement is applicable; and
3. Such "computer attack" is reported to us as soon as practicable, but in no event more than 60 days after the date it is first discovered by you.

SECTION 1 – COVERAGES PROVIDED

If all three of the conditions listed above in SECTION 1 – COVERED CAUSE OF LOSS have been met, then we will provide you the following coverages for loss directly arising from such "computer attack".

1. Data Restoration

We will pay your necessary and reasonable "data restoration costs".

2. Data Re-creation

We will pay your necessary and reasonable "data re-creation costs".

3. System Restoration

We will pay your necessary and reasonable "system restoration costs".

4. Loss of Business

We will pay your actual "business income loss" and your necessary and reasonable "extra expenses".

5. Public Relations

If you suffer covered "business income loss", we will pay for the services of a professional public relations firm to assist you in communicating your response to the "computer attack" to the media, the public and your customers, clients or members.

SECTION 1 - LIMITS

The most we will pay under Computer Attack coverage is the Computer Attack Limit indicated for this endorsement. If no limit is shown or is shown as Excluded in the Declarations, then the Computer Attack coverage will be considered to have a limit of \$0.

The most we will pay under Data Re-creation coverage for loss (including "business income loss" and "extra expense" related to data re-creation activities) arising from any one "computer attack" is the Data Re-creation Sublimit indicated for this endorsement. This sublimit is part of, and not in addition to, the Computer Attack Limit. If no sublimit is shown or is shown as Excluded in the Declarations, then the Data Re-creation coverage will be considered to have a sublimit of \$0.

The most we will pay under Loss of Business coverage for loss arising from any one "computer attack" is the Loss of Business Sublimit indicated for this endorsement. This sublimit is part of, and not in addition to, the Computer Attack Limit. If no sublimit is shown or is shown as Excluded in the Declarations, then the Loss of Business coverage will be considered to have a sublimit of \$0.

The most we will pay under Public Relations coverage for loss arising from any one "computer attack" is the Public Relations Sublimit indicated for this endorsement. This sublimit is part of, and not in addition to, the Computer Attack Limit. If no sublimit is shown or is shown as Excluded in the Declarations, then the Public Relations coverage will be considered to have a sublimit of \$0.

The Computer Attack Limit is an annual aggregate limit. This amount is the most we will pay for the total of all loss covered under Section 1 arising out of all "computer attack" events which are first discovered by you during the present annual policy period. This limit applies regardless of the number of "computer attack" events occurring during that period.

A "computer attack" may be first discovered by you in one policy period but it may cause covered costs in

19800000059819



INSURED COPY

MD 58866

one or more subsequent policy periods. If so, all covered costs arising from such "computer attack" will be subject to the Computer Attack Limit applicable to the policy period when the "computer attack" was first discovered by you.

SECTION 1 - DEDUCTIBLE

The Computer Attack coverage is subject to the Computer Attack Deductible indicated in the Declarations. You shall be responsible for the applicable deductible amount as respects loss arising from each "computer attack" covered under this endorsement.

SECTION 2 – NETWORK SECURITY LIABILITY

SECTION 2 – COVERED CAUSE OF LOSS

This Network Security Liability coverage applies only if all of the following conditions are met:

1. You first receive notice of a "network security liability suit" during the policy period for which this endorsement is applicable or any Extended Reporting Periods; and
2. Such "network security liability suit" is reported to us as soon as practicable, but in no event more than 60 days after the date it is first received by you.

SECTION 2 – COVERAGES PROVIDED

If both of the conditions listed above in SECTION 2 – COVERED CAUSE OF LOSS have been met, then we will provide you the following coverages for loss directly arising from such "network security liability suit".

1. Defense

We will pay your necessary and reasonable "network security liability defense costs".

2. Settlement Costs

We will pay your necessary and reasonable "network security liability settlement costs".

SECTION 2 - LIMITS

Except for post-judgment interest, the most we will pay under Network Security Liability coverage is the Network Security Liability Limit indicated for this endorsement. If no limit is shown or is shown as Excluded in the Declarations, then the Network Security Liability coverage will be considered to have a limit of \$0.

The Network Security Liability Limit is an annual aggregate limit. This amount is the most we will pay for the total of all loss covered under Section 2 (other than post-judgment interest) arising out of all "network security liability suits" of which you first receive notice during the present annual policy period or any

Extended Reporting Periods. This limit applies regardless of the number of "network security liability suits" of which you first receive notice during that period.

You may first receive notice of a "network security liability suit" in one policy period but it may cause covered costs in one or more subsequent policy periods. If so, all covered costs arising from such "network security liability suit" (other than post-judgment interest) will be subject to the Network Security Liability Limit applicable to the policy period when notice of the "network security liability suit" was first received by you.

The Network Security Liability Limit for the Extended Reporting Periods (if applicable) shall be part of, and not in addition to, the Network Security Liability Limit for the immediately preceding policy period.

SECTION 2 - DEDUCTIBLE

The Network Security Liability coverage is subject to the Network Security Liability Deductible indicated in the Declarations. You shall be responsible for the applicable deductible amount as respects loss arising from each "network security liability suit" covered under this endorsement.

EXCLUSIONS, ADDITIONAL CONDITIONS AND DEFINITIONS APPLICABLE TO ALL SECTIONS

EXCLUSIONS

The following additional exclusions apply to this coverage:

We will not pay for costs or loss arising from the following:

1. Loss to the internet, an internet service provider, or any computer or computer system that is not owned or leased by you and operated under your control.
2. Costs to research or correct any deficiency.
3. Any fines or penalties.
4. Any criminal investigations or proceedings.
5. Any threat, extortion or blackmail. This includes, but is not limited to, ransom payments and private security assistance.
6. Your intentional or willful complicity in a covered loss event or your reckless disregard for the security of your computer system or data.
7. Any criminal, fraudulent or dishonest act, error or omission, or any intentional or knowing violation of the law by you.
8. Any "computer attack" occurring prior to the first inception of this CyberOne coverage



- endorsement or any coverage substantially similar to that described in this endorsement.
9. That part of any "network security liability suit" seeking any non-monetary relief.
 10. Any "network security liability suit" arising from a propagation of malware, denial of service attack, or loss, release or disclosure of business data that occurred prior to the first inception of this CyberOne coverage endorsement or any coverage substantially similar to that described in this endorsement.
 11. The propagation or forwarding of malware, including viruses, worms, Trojans, spyware and keyloggers in connection with hardware or software created, produced or modified by you for sale, lease or license to third parties.

ADDITIONAL CONDITIONS

The following additional conditions apply to all coverages under this endorsement.

A. Due Diligence

You agree to use due diligence to prevent and mitigate costs covered under this endorsement. This includes, but is not limited to, complying with reasonable and industry-accepted protocols for:

1. Providing and maintaining appropriate computer and internet security; and
2. Maintaining and updating at appropriate intervals backups of computer data.

B. Duties in the Event of a "Network Security Liability Suit"

1. If a "network security liability suit" is brought against you, you must:
 - a. Immediately record the specifics of the "network security liability suit" and the date received; and
 - b. Provide us with written notice, as soon as practicable, but in no event more than 60 days after the date the "network security liability suit" is first received by you.
 - c. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "network security liability suit";
 - d. Authorize us to obtain records and other information;
 - e. Cooperate with us in the investigation, settlement or defense of the "network security liability suit";
 - f. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to you because of loss to which this insurance may also apply; and

- g. Not take any action, or fail to take any required action, that prejudices your rights or our rights with respect to such "network security liability suit".

C. Extended Reporting Periods

1. You shall have the right to the Extended Reporting Periods described in this section, in the event that:
 - a. You or we cancel this CyberOne coverage;
 - b. You or we refuse to renew this CyberOne coverage; or
 - c. We renew this CyberOne coverage on an other than a claims-made basis or with a retroactive date later than the date of the first inception of this CyberOne coverage endorsement or any coverage substantially similar to that described in this endorsement;
2. If an event as specified in Paragraph 1. has occurred, you shall have the right to the following:
 - a. An Automatic Extended Reporting Period of 30 days after the effective date of cancellation or nonrenewal at no additional premium in which to give to us written notice of a "network security liability suit" of which you first receive notice during said Automatic Extended Reporting Period for any propagation of malware, denial of service attack, or loss, release or disclosure of business data occurring before the end of the coverage period for this CyberOne coverage and which is otherwise covered by this CyberOne coverage; and
 - b. Upon payment of an additional premium of 100% of the full annual premium applicable to this CyberOne coverage, a Supplemental Extended Reporting Period of 1 year immediately following the effective date of cancellation or nonrenewal in which to give to us written notice of a "network security liability suit" of which you first receive notice during said Supplemental Extended Reporting Period for any propagation of malware, denial of service attack, or loss, release or disclosure of business data occurring before the end of the coverage period for this CyberOne coverage and which is otherwise covered by this CyberOne coverage.

To obtain the Supplemental Extended Reporting Period, you must request it in writing and pay the additional premium

19800000059825



INSURED COPY

MD 58866

due, within 30 days of the effective date of cancellation or nonrenewal. The additional premium for the Supplemental Extended Reporting Period shall be fully earned at the inception of the Supplemental Extended Reporting Period. If we do not receive the written request as required, you may not exercise this right at a later date.

This insurance, provided during the Supplemental Extended Reporting Period, is excess over any other valid and collectible insurance that begins or continues in effect after the Supplemental Extended Reporting Period becomes effective, whether the other insurance applies on a primary, excess, contingent, or any other basis.

D. Network Security Liability Defense

1. We shall have the right and the duty to assume the defense of any applicable "network security liability suit" against you. You shall give us such information and cooperation as we may reasonably require.
2. You shall not admit liability for or settle any "network security liability suit" or incur any defense costs without our prior written consent.
3. If you refuse to consent to any settlement recommended by us and acceptable to the claimant, we may then withdraw from your defense by tendering control of the defense to you. From that point forward, you shall, at your own expense, negotiate or defend such "network security liability suit" independently of us. Our liability shall not exceed the amount for which the claim or suit could have been settled if such recommendation was consented to, plus defense costs incurred by us, and defense costs incurred by you with our written consent, prior to the date of such refusal.
4. We shall not be obligated to pay any damages or defense costs, or to defend or continue to defend any "network security liability suit", after the Network Security Liability Limit has been exhausted.
5. We shall pay all interest on that amount of any judgment within the Network Security Liability Limit which accrues:
 - a. After entry of judgment; and
 - b. Before we pay, offer to pay or deposit in court that part of the judgment within the Network Security Liability Limit or, in any case, before we pay or offer to pay the entire Network Security Liability Limit.

These interest payments shall be in addition to and not part of the Network Security Liability Limit.

E. Other Data Coverage in This Policy

Some elements of this CyberOne coverage may also be covered under the policy to which this endorsement is attached. If so, this CyberOne coverage will apply as excess, additional coverage. If loss payment has been made under the policy for the same event, the amount of such payment will count towards the deductible that applies to this CyberOne coverage.

F. Services

The following conditions apply as respects any services provided to you by any service firm provided or paid for in whole or in part under this endorsement:

1. The effectiveness of such services depends on your cooperation and assistance.
2. We do not warrant or guarantee that the services will end or eliminate all problems associated with the covered events.

DEFINITIONS

With respect to the provisions of this endorsement only, the following definitions are added:

1. "Business Income Loss" means the sum of the:
 - a. Net income (net profit or loss before income taxes) that would have been earned or incurred; and
 - b. Continuing normal and necessary operating expenses incurred, including employee payroll, actually lost by you during the "period of restoration".
2. "Computer Attack" means one of the following involving a computer or other electronic hardware that is owned or leased by you and operated under your control:
 - a. Unauthorized Access - meaning the gaining of access to your computer system by an unauthorized person or persons; or
 - b. Malware Attack – meaning damage to your computer system or data arising from malicious code, including viruses, worms, Trojans, spyware and keyloggers. This does not mean damage from shortcomings or mistakes in legitimate electronic code or damage from code installed on your computer system during the manufacturing process.
 - c. Denial of Service Attack – meaning a deliberate act to prevent third parties from gaining access to your computer system



through the internet in a manner in which they are legally entitled.

3. "Data Re-creation Costs"

- a. "Data re-creation costs" means the costs of an outside professional firm hired by you to research, re-create and replace data that has been lost or corrupted and for which there is no electronic source available or where the electronic source does not have the same or similar functionality to the data that has been lost or corrupted.
- b. "Data re-creation costs" also means your actual "business income loss" and your necessary and reasonable "extra expenses" arising from the lack of the lost or corrupted data during the time required to research, recreate and replace such data.
- c. "Data re-creation costs" does not mean costs to research, re-create or replace:
 - (1) Software programs or operating systems that are not commercially available; or
 - (2) Data that is obsolete, unnecessary or useless to you.

4. "Data Restoration Costs"

- a. "Data restoration costs" means the costs of an outside professional firm hired by you to replace electronic data that has been lost or corrupted. In order to be considered "data restoration costs," such replacement must be from one or more electronic sources with the same or similar functionality to the data that has been lost or corrupted.
- b. "Data restoration costs" does not mean costs to research, restore or replace:
 - (1) Software programs or operating systems that are not commercially available; or
 - (2) Data that is obsolete, unnecessary or useless to you.

5. "Extra Expense" means the additional cost you incur to operate your business during the "period of restoration" over and above the cost that you normally would have incurred to operate your business during the same period had no "computer attack" occurred.

6. "Network Security Liability Defense Costs"

- a. "Network security liability defense costs" means reasonable and necessary expenses resulting solely from the investigation, defense and appeal of any "network security liability suit" against you. Such expenses may be incurred by us. Such expenses may include premiums for any appeal bond, attachment bond or similar bond. However,

we have no obligation to apply for or furnish such bond.

- b. "Network security liability defense costs" does not mean your salaries or your loss of earnings.

7. "Network Security Liability Settlement Costs"

- a. "Network security liability settlement costs" means the following, when they arise from a "network security liability suit":
 - (1) Damages, judgments or settlements; and
 - (2) Defense costs added to that part of any judgment paid by us, when such defense costs are awarded by law or court order; and
 - (3) Pre-judgment interest on that part of any judgment paid by us.
- b. "Network security liability settlement costs" does not mean:
 - (1) Civil or criminal fines or penalties imposed by law;
 - (2) Punitive or exemplary damages;
 - (3) The multiplied portion of multiplied damages;
 - (4) Taxes; or
 - (5) Matters which may be deemed uninsurable under the applicable law.

8. "Network Security Liability Suit"

- a. "Network security liability suit" means a civil proceeding against you in which damages are alleged. Such proceeding must be brought in the United States of America, Puerto Rico or Canada. Such proceeding must be based on an allegation that a negligent security failure or weakness with respect to a computer or other electronic hardware that is owned or leased by you and operated under your control allowed one or more of the following to happen:
 - (1) The unintended propagation or forwarding of malware, including viruses, worms, Trojans, spyware and keyloggers. Malware does not include shortcomings or mistakes in legitimate electronic code.
 - (2) The unintended abetting of a denial of service attack against one or more other systems.
 - (3) The loss, release or disclosure of business data that is owned by or proprietary to a third party. This does not include personally identifying information or other information that is sensitive or personal to individuals.

19800000059834



INSURED COPY

MD 58866

- b. "Network security liability suit" includes the following:
 - (1) An arbitration or alternative dispute resolution proceeding that you are required to submit to or which we agree you should submit to; or
 - (2) A written demand for money, when such demand could reasonably result in a civil proceeding as described in this definition.
 - c. "Network security liability suit" does not mean any demand or action alleging or arising from property damage or bodily injury.
 - d. "Network security liability suit" does not mean any demand or action brought by or on behalf of someone who is:
 - (1) Your director or officer;
 - (2) Your owner or part-owner; or
 - (3) A holder of your securities;in their capacity as such, whether directly, derivatively, or by class action.
9. "Period of Restoration" means the period of time that begins at the time that the "computer attack" is discovered by you and continues until the earlier of:
- a. The date that all data restoration, data re-creation and system restoration directly related to the "computer attack" has been completed; or
 - b. The date on which such data restoration, data re-creation and system restoration could have been completed with the exercise of due diligence and dispatch.
10. "System Restoration Costs"
- a. "System restoration costs" means the costs of an outside professional firm hired by you to do any of the following in order to restore your computer system to its pre- "computer attack" level of functionality:
 - (1) Replace or reinstall computer software programs;
 - (2) Remove any malicious code; and
 - (3) Configure or correct the configuration of your computer system.
 - b. "System restoration costs" does not mean:
 - (1) Costs to increase the speed, capacity or utility of your computer system;
 - (2) Labor of your employees;
 - (3) Any costs in excess of the actual cash value of your computer system; or
 - (4) Costs to repair or replace hardware.



All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IDENTITY RECOVERY COVERAGE

IDENTITY THEFT CASE MANAGEMENT SERVICE AND EXPENSE REIMBURSEMENT

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

Under Section A. COVERAGES, 5. ADDITIONAL COVERAGES, the following Additional Coverage is added:

IDENTITY RECOVERY COVERAGE

We will provide the Case Management Service and Expense Reimbursement Coverage indicated below if all of the following requirements are met:

1. There has been an "identity theft" involving the personal identity of an "identity recovery insured" under this policy; and
2. Such "identity theft" is first discovered by the "identity recovery insured" during the policy period for which this Identity Recovery Coverage is applicable; and
3. Such "identity theft" is reported to us within 60 days after it is first discovered by the "identity recovery insured."

If all three of the requirements listed above have been met, then we will provide the following to the "identity recovery insured":

1. **Case Management Service**
Services of an "identity recovery case manager" as needed to respond to the "identity theft"; and
2. **Expense Reimbursement**
Reimbursement of necessary and reasonable "identity recovery expenses" incurred as a direct result of the "identity theft."

This coverage is additional insurance.

EXCLUSIONS

The following additional exclusions apply to this coverage:

We do not cover loss or expense arising from any of the following.

1. The theft of a professional or business identity.
2. Any fraudulent, dishonest or criminal act by an "identity recovery insured" or any person aiding or abetting an "identity recovery insured", or by any authorized representative of an "identity recovery insured", whether acting alone or in collusion with others. However, this exclusion shall not apply to

the interests of an "identity recovery insured" who has no knowledge of or involvement in such fraud, dishonesty or criminal act.

3. An "identity theft" that is not reported in writing to the police.

LIMITS

Case Management Service is available as needed for any one "identity theft" for up to 12 consecutive months from the inception of the service. Expenses we incur to provide Case Management Service do not reduce the amount of limit available for Expense Reimbursement Coverage.

Expense Reimbursement Coverage is subject to an Expense Reimbursement Limit of \$25,000 annual aggregate per "identity recovery insured." The Expense Reimbursement Limit shall apply separately to each 12 month period within the policy period. For policy periods greater than 12 months, this coverage will be subject to a new and separate Expense Reimbursement Limit upon each 12 month anniversary of the beginning of the policy period. Regardless of the number of claims, the Expense Reimbursement Limit is the most we will pay for the total of all loss or expense arising out of all "identity thefts" to any one "identity recovery insured" which are first discovered by the "identity recovery insured" during the applicable 12 month period. If an "identity theft" is first discovered in one 12 month period and continues into other 12 month periods, all loss and expense arising from such "identity theft" will be subject to the aggregate Expense Reimbursement Limit applicable to the 12 month period when the "identity theft" was first discovered.

Legal costs as provided under item d. of the definition of "identity recovery expenses" are part of, and not in addition to, the Expense Reimbursement Coverage limit.

Item e. (Lost Wages) and item f. (Child and Elder Care Expenses) of the definition of "identity recovery expenses" are jointly subject to a sublimit of \$5,000.

This sublimit is part of, and not in addition to, the Expense Reimbursement Coverage limit. Coverage is limited to wages lost and expenses incurred within 12

1980000059843



INSURED COPY

MD 58866

months after the first discovery of the "identity theft" by the "identity recovery insured."

Item g. (Mental Health Counseling) of the definition of "identity recovery expenses" is subject to a sublimit of \$1,000. This sublimit is part of, and not in addition to, the Expense Reimbursement Coverage limit. Coverage is limited to counseling that takes place within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."

Item h. (Miscellaneous Unnamed Costs) of the definition of "identity recovery expenses" is subject to a sublimit of \$1,000. This sublimit is part of, and not in addition to, the Expenses Reimbursement Coverage limit. Coverage is limited to costs incurred within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."

DEDUCTIBLE

Case Management Service and Expense Reimbursement Coverage are not subject to a deductible.

CONDITIONS

The following additional conditions apply to this coverage:

A. Help Line

For assistance, the "identity recovery insured" should call the **Identity Recovery Help Line at 1-877-800-5028.**

The **Identity Recovery Help Line** can provide the "identity recovery insured" with:

- 1. Information and advice for how to respond to a possible "identity theft"; and
- 2. Instructions for how to submit a service request for Case Management Service and/or a claim form for Expense Reimbursement Coverage.

In some cases, we may provide Case Management services at our expense to an "identity recovery insured" prior to a determination that a covered "identity theft" has occurred. Our provision of such services is not an admission of liability under the policy. We reserve the right to deny further coverage or service if, after investigation, we determine that a covered "identity theft" has not occurred.

As respects Expense Reimbursement Coverage, the "identity recovery insured" must send to us, within 60 days after our request, receipts, bills or other records that support his or her claim for "identity recovery expenses."

B. Services

The following conditions apply as respects any services provided by us or our designees to any "identity recovery insured" under this endorsement:

- 1. Our ability to provide helpful services in the event of an "identity theft" depends on the cooperation, permission and assistance of the "identity recovery insured."
- 2. All services may not be available or applicable to all individuals. For example, "identity recovery insureds" who are minors or foreign nationals may not have credit records that can be provided or monitored. Service in Canada will be different from service in the United States and Puerto Rico in accordance with local conditions.
- 3. We do not warrant or guarantee that our services will end or eliminate all problems associated with an "identity theft" or prevent future "identity thefts."

DEFINITIONS

With respect to the provisions of this endorsement only, the following definitions are added:

- 1. **"Identity Recovery Case Manager"** means one or more individuals assigned by us to assist an "identity recovery insured" with communications we deem necessary for re-establishing the integrity of the personal identity of the "identity recovery insured." This includes, with the permission and cooperation of the "identity recovery insured," written and telephone communications with law enforcement authorities, governmental agencies, credit agencies and individual creditors and businesses.
- 2. **"Identity Recovery Expenses"** means the following when they are reasonable and necessary expenses that are incurred as a direct result of an "identity theft":
 - a. Costs for re-filing applications for loans, grants or other credit instruments that are rejected solely as a result of an "identity theft."
 - b. Costs for notarizing affidavits or other similar documents, long distance telephone calls and postage solely as a result of your efforts to report an "identity theft" or amend or rectify records as to your true name or identity as a result of an "identity theft."
 - c. Costs for credit reports from established credit bureaus.
 - d. Fees and expenses for an attorney approved by us for the following:
 - (1) The defense of any civil suit brought against an "identity recovery insured."



- (2) The removal of any civil judgment wrongfully entered against an "identity recovery insured."
 - (3) Legal assistance for an "identity recovery insured" at an audit or hearing by a governmental agency.
 - (4) Legal assistance in challenging the accuracy of the "identity recovery insured's" consumer credit report.
 - (5) The defense of any criminal charges brought against an "identity recovery insured" arising from the actions of a third party using the personal identity of the "identity recovery insured."
- e. Actual lost wages of the "identity recovery insured" for time reasonably and necessarily taken away from work and away from the work premises. Time away from work includes partial or whole work days. Actual lost wages may include payment for vacation days, discretionary days, floating holidays and paid personal days. Actual lost wages does not include sick days or any loss arising from time taken away from self employment. Necessary time off does not include time off to do tasks that could reasonably have been done during non-working hours.
 - f. Actual costs for supervision of children or elderly or infirm relatives or dependants of the "identity recovery insured" during time reasonably and necessarily taken away from such supervision. Such care must be provided by a professional care provider who is not a relative of the "identity recovery insured."
 - g. Actual costs for counseling from a licensed mental health professional. Such care must be provided by a professional care provider who is not a relative of the "identity recovery insured."
 - h. Any other reasonable costs necessarily incurred by an "identity recovery insured" as a direct result of the "identity theft."
 - (1) Such costs include:
 - (A) Costs by the "identity recovery insured" to recover control over his or her personal identity.

- (B) Deductibles or service fees from financial institutions.
- (2) Such costs do not include:
 - (A) Costs to avoid, prevent or detect "identity theft" or other loss.
 - (B) Money lost or stolen.
 - (C) Costs that are restricted or excluded elsewhere in this endorsement or policy.

3. "Identity Recovery Insured" means the following:

- a. When the entity insured under this policy is a sole proprietorship, the "identity recovery insured" is the individual person who is the sole proprietor of the insured entity.
- b. When the entity insured under this policy is a partnership, the "identity recovery insureds" are the current partners.
- c. When the entity insured under this policy is a corporation or other organization, the "identity recovery insureds" are all individuals having an ownership position of 20% or more of the insured entity. However, if and only if there is no one who has such an ownership position, then the "identity recovery insured" shall be:
 - (1) The chief executive of the insured entity; or
 - (2) As respects a religious institution, the senior ministerial employee.
- d. The employees of the entity insured.
- e. The resident family members of any of the above.

An "identity recovery insured" must always be an individual person. The entity insured under this policy is not an "identity recovery insured."

4. "Identity Theft" means the fraudulent use of the social security number or other method of identifying an "identity recovery insured." This includes fraudulently using the personal identity of an "identity recovery insured" to establish credit accounts, secure loans, enter into contracts or commit crimes.

"Identity theft" does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.

All terms and conditions of this policy apply unless modified by this endorsement.

19800000059852



INSURED COPY

MD 58866



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – HOMEOWNERS ASSOCIATIONS

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

- A. Under Section II WHO IS AN INSURED, the following is added:
Each individual homeowner is also an insured, but only with respect to liability as a member of the homeowners association and not with respect to any liability arising out of the ownership, maintenance, use or repair of the real property to which the owner has title to.
- B. Under Section I. COVERAGES, A. COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. EXCLUSIONS, paragraph p. Bodily Injury To Any Insured is removed.

All terms and conditions of this policy apply unless modified by this endorsement.

19800000059861



INSURED COPY

MD 58866



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - DELIVERY USING NON-OWNED AUTOS

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

Under the HIRED AUTO AND NON-OWNED AUTO LIABILITY Endorsement, form PB 04 04, the following amendments are made:

A. ADDITIONAL EXCLUSION

This insurance, including any duty we have to defend "suits", does not apply to the usage of any "non-owned auto" in the delivery of "your products". Delivery means the entire trip from your premises to the return to your premises and includes any detour.

All terms and conditions of this policy apply unless modified by this endorsement.

19800000059870



INSURED COPY

MD 58866



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARKANSAS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS COMMON POLICY CONDITIONS
PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM
PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

A. Section I – Property is amended by the following:

1. Paragraph E.2. Appraisal Property Loss Condition is replaced by the following:

2. Appraisal

- a. If we and you disagree on the value of the property or the amount of loss, either party may make a written request for an appraisal of the loss. However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire.

b. An appraisal decision will not be binding on either party.

c. If there is an appraisal, we will still retain our right to deny the claim.

d. Each party will:
(1) Pay its chosen appraiser; and
(2) Bear the other expenses of the appraisal and umpire equally.

2. Paragraph F.2.g. of the Mortgageholders Property General Conditions is replaced by the following:

g. If we elect not to renew this policy, we will give written notice to the mortgageholder:

(1) As soon as practicable if nonrenewal is due to the Named Insured's failure to pay any premium required for renewal; or

(2) At least 60 days before the expiration date of this policy if we nonrenew for any other reason.

(3) Unless otherwise provided by this policy, we may deduct expense depreciation. Expense depreciation is defined as depreciation, including but not limited to the cost of goods, materials, labor and services necessary to replace, repair or rebuild damaged property. If expense depreciation is applied to a loss for damaged property, the insurer shall provide a written explanation as to how the expense depreciation was calculated.

B. Section II – Liability is amended as follows:

Pursuant to Arkansas Code Section 23-79-155:

1. The definition of "occurrence" includes faulty workmanship; and

2. The definition of "occurrence" required by this section of Arkansas law does not serve to limit or restrict the applicability of any exclusion for "bodily injury" or "property damage."

C. Section III – Common Policy Conditions is amended as follows:

1. Paragraph A.5. Cancellation is replaced by the following:

5. Premium Refund

a. If this policy is cancelled, we will send the first Named Insured any premium refund due.

b. We will refund the pro rata unearned premium if the policy is:

(1) Cancelled by us or at our request;

(2) Cancelled but rewritten with us or in our company group;

(3) Cancelled because you no longer have an insurable interest in the property or business operation that is the subject of this insurance; or

(4) Cancelled after the first year of a prepaid policy that was written for a term of more than one year.

c. If the policy is cancelled at the request of the first Named Insured,

19800000059889



INSURED COPY

MD 58866

other than a cancellation described in b.(2), (3) or (4) above, we will refund 90% of the pro rata unearned premium. However, the refund will be less than 90% of the pro rata unearned premium if the refund of such amount would reduce the premium retained by us to an amount less than the minimum premium for this policy.

- d. The cancellation will be effective even if we have not made or offered a refund.
- e. If the first Named Insured cancels the policy, we will retain no less than \$100 of the premium.

2. The following is added to Paragraph A. Cancellation:

7. Cancellation Of Policies In Effect More Than 60 Days

- a. If this policy has been in effect more than 60 days or is a renewal policy, we may cancel only for one or more of the following reasons:
 - (1) Nonpayment of premium;
 - (2) Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - (3) The occurrence of a material change in the risk which substantially increases any hazard insured against after policy issuance;
 - (4) Violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property or its occupancy which substantially increases any hazard insured against under the policy;
 - (5) Nonpayment of membership dues in those cases where our by-laws, agreements or other legal instruments require payment as a condition of the issuance and maintenance of the policy; or
 - (6) A material violation of a material provision of the policy.
- b. If we cancel for:
 - (1) Nonpayment of premium, we will mail or deliver written notice of

cancellation, stating the reason for cancellation, to the first Named Insured and any lienholder or loss payee named in the policy at least 10 days before the effective date of cancellation.

- (2) Any other reason, we will mail or deliver notice of cancellation to the first Named Insured and any lienholder or loss payee named in the policy at least 20 days before the effective date of cancellation.

3. The following is added to Paragraph K. Transfer Of Rights Of Recovery Against Others To Us:

We will be entitled to recovery only after the insured has been fully compensated for the loss or damage sustained.

4. The following paragraph is added and supersedes any other provision to the contrary:

M. Nonrenewal

- 1. If we decide not to renew this policy, we will mail to the Named Insured shown in the Declarations, and to any lienholder or loss payee named in the policy, written notice of nonrenewal at least 60 days before:
 - a. Its expiration date; or
 - b. Its anniversary date, if it is a policy written for a term of more than one year and with no fixed expiration date.

However, we are not required to send this notice if nonrenewal is due to the Named Insured's failure to pay any premium required for renewal.

The provisions of this Paragraph 1. do not apply to any mortgageholder.

- 2. We will mail our notice to the Named Insured's mailing address last known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

5. The following paragraph is added:

N. Multi-Year Policies

We may issue this policy for a term in excess of twelve months with the premium adjusted on an annual basis in accordance with our rates and rules.

D. If DATA COMPROMISE, form PB 58 06, is a part of this policy, then coverage provided on that form is amended as follows:



**SECTION 2 – DEFENSE AND LIABILITY;
Additional Conditions; A. Data Compromise
Liability Defense;**

Paragraph 1. Is deleted and replaced with the following:

1. We shall have the right and the duty to assume the defense of any applicable "data compromise suit" against you, even if the allegations upon which the "data compromise suit" is based are groundless, false or fraudulent. You shall give us such information and cooperation as we may reasonably require.

EXCLUSIONS, ADDITIONAL CONDITIONS AND DEFINITIONS APPLICABLE TO BOTH SECTION 1 AND SECTION 2; Exclusions; Paragraph 2. is deleted and replaced with the following:

2. Any criminal, fraudulent or dishonest act, intentional error or omission, or any intentional or knowing violation of the law by you.

E. If CYBERONE COVERAGE, form PB 58 08, is a part of this policy, then coverage provided on that form is amended as follows:

EXCLUSIONS, ADDITIONAL CONDITIONS AND DEFINITIONS APPLICABLE TO ALL SECTIONS Exclusions; Paragraph 7. is deleted and replaced with the following:

7. Any criminal, fraudulent or dishonest act, intentional error or omission, or any

intentional or knowing violation of the law by you.

ADDITIONAL CONDITIONS C. Extended Reporting Periods; Paragraph 2.a. is deleted and replaced with the following:

- a. An Automatic Extended Reporting Period of 60 days after the effective date of cancellation or nonrenewal at no additional premium in which to give to us written notice of a "network security liability suit" of which you first receive notice during said Automatic Extended Reporting Period for any propagation of malware, denial of service attack, or loss, release or disclosure of business data occurring before the end of the coverage period for this CyberOne coverage and which is otherwise covered by this CyberOne coverage; and

ADDITIONAL CONDITIONS D. Network Security Liability Defense; Paragraph 1. is deleted and replaced with the following:

1. We shall have the right and the duty to assume the defense of any applicable "network security liability suit" against you, even if the allegations upon which the "network security liability suit" is based are groundless, false or fraudulent. You shall give us such information and cooperation as we may reasonably require.

19800000059898



All terms and conditions of this policy apply unless modified by this endorsement.

INSURED COPY

MD 58866



ACKNOWLEDGEMENT OF INSURED STATUS - YOUR REAL ESTATE MANAGER

Person or Organization Designated as an Insured:

BLACKSTONE MANAGEMENT
2 INDUSTRIAL PARK DR STE A
WALDORF, MD 20602-2729

This form has been sent to you to acknowledge your status as an insured under our, meaning the issuing Company stated below, insurance policy issued to the Named Insured shown below.

Under our Premier Businessowners Liability Coverage Form, Section II. WHO IS AN INSURED provides:

The following is also an insured:

Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

The policy language set forth above is subject to all of the terms and conditions of the policy issued to the Named Insured shown below. For your information, our Named Insured, the Policy Number, Policy Term and Limits of Insurance are stated below.

Named Insured: VILLAGES OF MARLBOROUGH

19800000059907



Issuing Company: NATIONWIDE ASSURANCE
Policy Number: ACP BP013057488839
Policy Term: 05-01-2021 To 05-01-2022
Limits of Insurance: Per Occurrence \$1,000,000
All Occurrences \$2,000,000

INSURED COPY

MD 58866

