



EVANSTON INSURANCE COMPANY

10 Parkway North
Deerfield, IL 60015

INSURANCE POLICY

Coverage afforded by this policy is provided by the Company (Insurer) and named in the Declarations.

In **Witness Whereof**, the company (insurer) has caused this policy to be executed and attested and countersigned by a duly authorized representative of the company (insurer) identified in the Declarations.

A handwritten signature in cursive script that reads "Kathleen Anne Sturgeon".

Secretary

A handwritten signature in cursive script, appearing to read "Abi Lewis".

President



EVANSTON INSURANCE COMPANY

COMMERCIAL PROPERTY FORMS REVISION NOTICE TO POLICYHOLDERS

As a result of a program update, changes have been made to many of the forms attached to your policy. Some forms have been revised, some forms have been discontinued and new forms have been introduced. Some of the changes to forms on your policy impact your coverage, but many have been reformatted, language has been rearranged and/or form numbers have been changed with no impact to your coverage.

Please read your policy carefully as these changes are very broad in scope and are not enumerated in this notice. PLEASE CONTACT YOUR AGENT OR BROKER FOR DETAILS OF ALL CHANGES.

No coverage is provided by this summary nor can it be construed to replace any provisions 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 your expiring policy, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**



PRIVACY NOTICE

We are committed to safeguarding your privacy. We understand your concerns regarding the privacy of your nonpublic personal information. No nonpublic personal information is required to be collected when you visit our websites; however, this information may be requested in order to provide the products and services described. We do not sell nonpublic personal information to non-affiliated third parties for marketing or other purposes. We only use and share this type of information with non-affiliated third parties for the purposes of underwriting insurance, administering your policy or claim and other purposes as permitted by law, such as disclosures to insurance regulatory authorities or in response to legal process. Notwithstanding the foregoing, we may use this information for the purpose of marketing our own products and services to you.

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your transactions with us, our affiliates, or others; and/or
- Information we receive from consumer reporting agencies and inspection reports.

We do not disclose any nonpublic personal information about our customers/claimants or former customers/claimants to anyone, except as permitted by law.

We may disclose nonpublic personal information about you to the following types of third parties:

- Service providers, such as insurance agents and/ or brokers and claims adjusters; and/or
- Other non-affiliated third parties as permitted by law.

We restrict access to nonpublic personal information about our customers/claimants to those individuals who need to know that information to provide products and services to our customers/claimants or as permitted by law. We maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information.

Residents of California:

You may request to review and make corrections to recorded non-public personal information contained in our files. A more detailed description of your rights and practices regarding such information is available upon request. Please contact your agent/broker for instructions on how to submit a request to us.



EVANSTON INSURANCE COMPANY

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.



EVANSTON INSURANCE COMPANY

FORMS SCHEDULE

| <u>Form Number</u> | <u>Form Name</u> |
|--------------------|---|
| MJIL 1000 08 10 | POLICY JACKET |
| MPCP 2001 11 14 | COMMERCIAL PROPERTY FORMS REVISION |
| MPIL 1007 03 14 | PRIVACY NOTICE |
| MPIL 1083 04 15 | U.S. TREASURY DEPT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS |
| MDIL 1001 08 11 | FORMS SCHEDULE |
| MEIL 1200 01 10 | SERVICE OF SUIT |
| MDCP 1005 09 14 | COMMERCIAL PROPERTY POLICY DECLARATIONS |
| MDCP 1009 09 14 | EXCESS PROPERTY SUPPLEMENTAL DECLARATIONS |
| MECP 1213 02 15 | OCCURRENCE LIMIT OF INSURANCE - EXCESS INSURANCE |
| MECP 1215 09 14 | ADDTL PROPERTY EXCLUSIONS CONDITIONS |
| MECP 1304 05 16 | EXCLUSION OF CERTIFIED ACTS OF TERRORISM |
| MECP 1308 09 14 | EXCL - VIRUS HARMFUL CODE OR INSTRUCTION |
| MECP 1314 09 14 | EXCLUSION - EARTHQUAKE |
| MECP 1315 09 14 | EXCLUSION - ASBESTOS |
| MECP 1316 09 14 | EXCLUSION - EQUIPMENT BREAKDOWN |
| MECP 1317 09 14 | EXCL - BIOLOGICAL RADIOLOGICAL CHEMICAL MATERIALS |
| MECP 1318 09 14 | EXCLUSION - FLOOD |
| MECP 1322 09 14 | EXCLUSION - POLLUTION |

BROKER'S MANUSCRIPT FORM



EVANSTON INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SERVICE OF SUIT

Except with respect to any policy issued in any state in which the Insurer is licensed as an admitted insurer to transact business, it is agreed that in the event of the failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the Named Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States and will comply with all requirements necessary to give such court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such court. Nothing in this clause constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon Secretary, Legal Department, Markel Midwest, Ten Parkway North, Deerfield, Illinois 60015 and that in any suit instituted against the Company upon this policy, the Company will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other official specified for that purpose in the statute, or his/her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Named Insured or any beneficiary hereunder arising out of this policy, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.



EVANSTON INSURANCE COMPANY

COMMERCIAL PROPERTY POLICY DECLARATIONS

POLICY NUMBER: MKLV11XP005487

RENEWAL OF POLICY: MKLV11XP004246

Named Insured and Mailing Address (No., Street, Town or City, County, State, Zip Code)

CASTLE HABITATIONAL PROPERTIES

DBA: CASTLE PROPERTIES

106 EAST SIXTH STREET, STE 300

AUSTIN TX 78701

Policy Period: From March 1, 2017 to March 1, 2018 at 12:01 A.M. Standard Time at your mailing address shown above.

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

Description Of Premises

Prem. No. and Bldg. No. or Location Address

Per Schedule On File With Company

As Scheduled Below:

Coverages Provided

Coverage(s) marked (X) are included in this policy.

Building

Business Personal Property (Including Tenant Improvements And Betterments)

Personal Property Of Others

Stock

Building Under Construction

Business Income (And Extra Expense)

Business Income (Without Extra Expense)

Extra Expense

Premium And Fees

Total Policy Premium: \$ Per Invoice

Minimum Earned Premium: \$ Per Invoice

Inspection Fee \$

Producer Number, Name and Mailing Address

Empty box for Producer Number, Name and Mailing Address

Mortgageholder

Name And Mailing Address

Other Provisions

Endorsements

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:

SEE MDIL 1001 ATTACHED.

These Declarations, together with the Supplemental Schedule, Additional Property Exclusions And Conditions, Coverage Form(s) and any Endorsement(s), complete the above numbered policy.



Countersigned: 06/07/2017 By: _____
DATE AUTHORIZED REPRESENTATIVE

Texas Premium: Per Invoice
Fees: Per Invoice
Surplus Lines Tax: Per Invoice
Stamping Fee: Per Invoice
Total: Per Invoice

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as surplus line coverage under the Texas insurance statutes. The Texas Department of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and the insurer is not a member of the property and casualty insurance guaranty association created under Chapter 462 Insurance Code. Chapter 225, Insurance Code, requires payment of a 4.85 percent tax on gross premium.



EXCESS PROPERTY SUPPLEMENTAL DECLARATIONS

| Limits Of Insurance | | | | | |
|----------------------------|--------------------------|---------------|------------|-----------------------------|--------------------------|
| Layer | Limit | Participation | | | |
| 1. \$ | 787,500 Per Occurrence | Part of \$ | | Per Occurrence Excess of \$ | 2,500,000 Per Occurrence |
| 2. \$ | 7,087,500 Per Occurrence | Part of \$ | 22,500,000 | Per Occurrence Excess of \$ | 2,500,000 Per Occurrence |
| 3. \$ | Per Occurrence | Part of \$ | | Per Occurrence Excess of \$ | Per Occurrence |

Aggregates

The Aggregate(s) Completed Below Apply.

| | | |
|---------|----|--|
| Layer 1 | \$ | In the aggregate for Earthquake/Earth Movement |
| | \$ | In the aggregate for Flood |
| | \$ | In the aggregate for |
| Layer 2 | \$ | In the aggregate for Earthquake/Earth Movement |
| | \$ | In the aggregate for Flood |
| | \$ | In the aggregate for |
| Layer 3 | \$ | In the aggregate for Earthquake/Earth Movement |
| | \$ | In the aggregate for Flood |
| | \$ | In the aggregate for |

Primary Insurance Or Underlying Excess Insurance

Carrier:

Policy Number:

Policy Period: —

Other Provisions



EVANSTON INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OCCURRENCE LIMIT OF INSURANCE – EXCESS INSURANCE

This endorsement modifies insurance provided under all Property, Difference In Conditions and similar or related coverage forms attached to this policy.

SCHEDULE

| |
|---|
| Percentage Of Insured Value Per Item: 100 % |
|---|

The following Special Terms and Conditions apply to this policy and supersede any provisions to the contrary in any applicable coverage form or endorsement:

1. The Limit Of Insurance or amount of insurance shown on the Declarations, or endorsed onto this policy, is the total limit or amount applicable to any one occurrence. In no event shall our liability exceed this limit or amount in one occurrence, regardless of the number of locations involved.
2. The premium for this policy is based on the Statement Of Values on file with us or attached to this policy. In the event of direct physical loss or damage to Covered Property as a result of a Covered Cause of Loss, our limit of insurance shall be the least of the following:
 - a. The actual adjusted amount of loss, less any applicable deductible.
 - b. The stated value for each scheduled item of lost or damaged property, as shown on the Statement of Values on file with us or Schedule attached to this policy. However, if a blanket limit is shown for the lost or damaged property on the Statement Of Values or Schedule attached to this policy, then that limit will apply.

The percentage shown in the Schedule of this endorsement applies to the individually stated value for lost or damaged property as shown on the latest Statement Of Values on file with us or Schedule attached to this policy.

If a percentage is not shown in the Schedule of this endorsement, then Paragraph **2.b.** does not apply.
- c. The limit of insurance or amount of insurance shown on the Declarations or endorsed onto this policy. Any Schedule attached to this policy supersedes any Statement Of Values on file with us or provided by the Insured.
3. Occurrence, where used in this policy, means any one loss, disaster, casualty, or series of losses, disasters or casualties arising out of one event.
4. The duration and extent of any one occurrence will not exceed the total of all loss sustained during any period of 168 consecutive hours from and by the same event, except with respect to loss caused by or resulting from:
 - a. Windstorm, hail, tornado, hurricane and cyclone, including ensuing collapse and water damage, any one occurrence will be limited to a period of 120 consecutive hours.
 - b. Riot, riot attending strike, civil commotion, looting, theft, vandalism and malicious mischief, any one occurrence will be limited to a period of 72 consecutive hours.
 - c. Earth movement, earthquake and fire following and directly occasioned by the earth movement or earthquake, any one occurrence will be limited to any period of 168 consecutive hours.

Losses arising from a combination of 2 or more causes of loss as a result of the same event shall be considered as having arisen from one occurrence. Notwithstanding the foregoing, the hourly limitations stated above shall not be

exceeded with respect to the applicable causes of loss and no single occurrence shall encompass a time period greater than 168 consecutive hours.

The occurrence period defined in the Primary or Underlying Excess Policy shown in the Supplemental Declarations applies if it is shorter than the occurrence period shown in **4.** above,

When filing proof of loss, the insured may elect the moment at which the period of consecutive hours shall be deemed to have commenced, which may not be earlier than the time when the first loss to covered property occurs.

All other terms and conditions remain unchanged.



EVANSTON INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL PROPERTY EXCLUSIONS AND CONDITIONS

This endorsement modifies insurance provided under all Property, Difference In Conditions and similar or related coverage forms attached to this policy.

A. EXCLUSIONS

We shall not pay for loss or damage caused directly or indirectly by or resulting from 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.

1. Nuclear Hazard

Nuclear reaction, nuclear radiation or radioactive contamination, however caused.

But, if nuclear reaction, radiation or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire, if fire is a Covered Cause of Loss under this policy.

2. Governmental Action

Seizure, confiscation, quarantine or destruction of Covered Property by order of any governmental or public 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.

3. War And Military Action

a. Any hostile or warlike action in time of peace or war, whether or not the war is declared, including action in hindering, combating or defending against an actual, impending or expected attack by:

(1) Any government or sovereign power (de jure or de facto) or by any authority maintaining or using military forces;

(2) Military, naval or air forces; or

(3) Any agent of any government, power, authority or forces;

b. Any weapon of war, including but not limited to weapons employing atomic fission or radioactive force, whether in time of peace or war; or

c. Insurrection, rebellion, revolution, civil war, usurped power or action taken by governmental authority in hindering, combating or defending against any of these.

B. CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss within 60 days after the receipt of proof of loss by us. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree within 15 days, 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. 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. Brands And Labels

In the event of loss of or damage to labels, capsules or wrappers, the loss will be adjusted on the basis of an amount sufficient to pay the cost of new labels, capsules or wrappers.

If branded or labeled merchandise covered by this policy is damaged and we elect to take all or any part of such merchandise at the value established by the terms of this policy, you may, at your own expense, label the damaged property as salvage or remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage the merchandise; but you must re-label the merchandise or containers in compliance with the requirements of law.

4. Cancellation

- a. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- b. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- c. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- d. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- e. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

5. Changes

- a. This policy contains all the agreements between you and us concerning the insurance afforded by this policy. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. The terms of this insurance can be amended or waived only by endorsement issued by us and made a part of this policy.
- b. Notice to any agent or knowledge possessed by any agent or any other person will not:
 - (1) Create a waiver or change any part of this policy; or
 - (2) Prevent us from asserting any rights under this policy.

6. Concealment, Misrepresentation Or Fraud

This insurance is void in case of any fraud by you as it relates to this insurance at any time. It is also void if you or any other insured intentionally conceal or misrepresent a material fact concerning:

- a. This insurance;
- b. Any Covered Property;
- c. Your interest in any Covered Property; or
- d. A claim under this insurance.

7. Control Of Property

- a. Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

- b. The breach of any condition of this insurance at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

8. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
 - (1) Notify the police if a law may have been broken.
 - (2) Upon knowledge of any occurrence likely to give rise to claim for covered loss or damage, you shall give us written notice as soon as practicable but no later than one year from the expiration of this insurance. 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, and 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. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records. Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, 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.
- b. We may examine any insured 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, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

9. 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 afterward.

10. Inspections And Surveys

- a. We have the right to:
 - (1) Make inspections and surveys of the subject(s) of this insurance at any time;
 - (2) Give you reports on the conditions we find; and
 - (3) Recommend changes.
- b. 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.
- c. We do not:
 - (1) Make safety inspections;
 - (2) Undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public; or
 - (3) Warrant that any conditions:
 - (a) Are safe or healthful; or
 - (b) Comply with laws, regulations, codes or standards.
- d. Paragraphs **a.**, **b.** and **c.** 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.

- e. Paragraphs **b.** and **c.** of this condition do 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.

11. Insurance Under Two Or More Coverages

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

12. 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 one year after the date on which the direct physical loss or damage occurred.

13. Liberalization

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

14. 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 Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part 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 Coverage Part 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 Coverage Part:
 - (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.

15. No Benefit To Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

16. Other Insurance

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as this insurance. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that our applicable Limit of Insurance bears to the limits of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss or damage other than that described in **a.** above, 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 our applicable Limit of Insurance.

17. Pair, Set Or Parts

In the event of loss of or damage to any:

- a. Article or articles which are a part of a pair or set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of such article or articles, but in no event shall such loss or damage be construed to mean total loss of the pair or set; or
- b. Part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

18. Policy Period, Coverage Territory

Under this Coverage Part:

- a. We cover loss or damage commencing:
 - (1) During the policy period shown in the Declarations; and
 - (2) Within the coverage territory.
- b. The coverage territory is:
 - (1) The United States of America (including its territories and possessions); and
 - (2) Canada.

19. Premiums

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.

20. Salvage And Recovery

If we pay you for the loss and the lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:

- a. You must notify us promptly if you recover property or receive payment;
- b. We must notify you promptly if we recover property or receive payment;
- c. Any recovery expenses incurred by either are reimbursed first;
- d. You may keep the recovered property or payment received, but you must refund to us the amount of claim paid or any lesser amount to which we agree; and
- e. If the claim paid is less than the agreed loss due to a deductible or other limiting terms of this policy, any recovery will be prorated between you and us based on our respective interest in the loss.

21. Transfer Of Your Rights And Duties Under This Policy

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.

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.

22. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this insurance 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 or Covered Income;
- b.** After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - (1)** Someone insured by this insurance;
 - (2)** Your tenant; or
 - (3)** A business firm:
 - (a)** You own or control; or
 - (b)** That owns or controls you.

This will not restrict your insurance.

All other terms and conditions remain unchanged.



EVANSTON INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

All coverages, coverage parts or coverage forms included in the Property coverage section(s) of this policy are subject to the following conditions:

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph C) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

| State(s) | Coverage Form, Coverage Part Or Policy |
|---|---|
| CA, ME | All Commercial Property and Commercial Inland Marine coverages, coverage parts or coverage forms attached to this policy. |
| GA, IA, NY, RI, WV | All Commercial Property coverages, coverage parts or coverage forms attached to this policy. |
| | |
| | |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. | |

A. The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury 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.

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

We will not pay for loss or damage caused directly or indirectly by a "certified act 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.

C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph B. applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. 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 any other types of coverage forms or endorsements, including but not limited to Business Income and/or Extra Expense coverages or any other time element or consequential coverages.

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.

D. Application Of Other Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this coverage form or policy, such as losses excluded by a nuclear hazard exclusion or a war and military action exclusion.

All other terms and conditions remain unchanged.



EVANSTON INSURANCE COMPANY

EXCLUSION – VIRUS, HARMFUL CODE OR SIMILAR INSTRUCTION

This endorsement modifies insurance provided under all Property, Difference In Conditions, and similar or related coverage forms attached to this policy.

The following exclusion is added:

We will not pay for loss or damage to electronic data 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.

Virus, Harmful Code Or Similar Instruction

1. Denial of service attack, including but not limited to unauthorized direction of a high volume of messages or inquiries to a website or e-mail destinations, effectively denying, interrupting or limiting legitimate access;
2. Transfer of property caused by, resulting from, or arising out of unauthorized instructions transmitted by a computer;
3. Financial loss or any other loss or damage due to unauthorized viewing, copying or use of any data (including proprietary or confidential information) by any person, even if such activity is characterized as theft;
4. 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:
 - a. Damage or destroy any part of the system, or disrupt its normal operation; or
 - b. Cause physical damage to computer equipment or electronic data.

This includes electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.

These exclusions apply regardless of:

- a. Any physical loss or damage to Covered Property by any cause, contributing concurrently or in any sequence;
- b. Any loss of use, occupancy or functionality of computer equipment or computer media and data;
- c. Any action required, including but not limited to repair, replacement, restoration, removal, cleanup, abatement, disposal, relocation; and
- d. Medical or legal costs, expenses or fees.

All other terms and conditions remain unchanged.



EVANSTON INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – EARTHQUAKE

This endorsement modifies insurance provided under all Property coverage forms attached to this policy.

The following exclusion is added and is therefore not a Covered Cause Of Loss:

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.

Earthquake

Earthquake, meaning the sudden and natural faulting of land masses produced by seismic event(s), including volcanic eruption, explosion or effusion.

All other terms and conditions remain unchanged.



EVANSTON INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – ASBESTOS

This endorsement modifies insurance provided under all Property and similar or related coverage forms attached to this policy.

The following exclusion is added and is therefore not a Covered Cause Of Loss:

We will not pay for loss or damage arising out of, resulting from, or related in any way to 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.

Asbestos

Asbestos, asbestos-containing material or any material or substance containing asbestos or that is alleged to have contained asbestos.

We shall have no duty of any kind with respect to any such loss or damage.

All other terms and conditions remain unchanged.



EVANSTON INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – EQUIPMENT BREAKDOWN

This endorsement modifies insurance provided under all Property and similar or related coverage forms attached to this policy.

The following exclusion is added and is therefore not a Covered Cause Of Loss:

We will not pay for loss or damage caused directly or indirectly by 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.

Equipment Breakdown

1. Mechanical or machinery breakdown, including rupture or bursting caused by centrifugal force.
2. Electrical or electronic breakdown; or
3. Rupture, bursting, bulging, implosion, or steam explosion, which originate within:
 - a. Steam boilers;
 - b. Steam turbines;
 - c. Steam engines;
 - d. Steam pipes; or
 - e. Gas turbines;

including equipment attached to and forming a part of thereof.

But if an excluded loss described above results in loss or damage caused by fire, water or other means to extinguish a fire, or combustion explosion other than from any of the property described in this exclusion, then we will pay for that resulting loss or damage.

All other terms and conditions remain unchanged.



EVANSTON INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – BIOLOGICAL, RADIOLOGICAL OR CHEMICAL MATERIALS

This endorsement modifies insurance provided under all Property and similar or related coverage forms attached to this policy.

The following exclusion is added and is therefore not a Covered Cause Of Loss:

We will not pay for loss or damage caused directly or indirectly by 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.

Biological, Radiological Or Chemical Materials

Loss or damage caused directly or indirectly by the actual or threatened malicious use of pathogenic or poisonous biological, radiological or chemical materials, whether in time of peace or war, and regardless of who commits the act.

All other terms and conditions remain unchanged.



EVANSTON INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – FLOOD

This endorsement modifies insurance provided under all Property coverage forms attached to this policy.

The following exclusion is added and is therefore not a Covered Cause Of Loss:

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.

Flood

Flood, meaning a general and temporary condition of partial or complete inundation of normally dry land areas due to:

1. The overflow of inland or tidal waters, waves, tidal waves, storm surge, tsunamis or spray from any of these, all whether or not driven by wind;
2. The unusual and rapid accumulation or runoff of surface waters from any source;
3. Discharge of water or waterborne material from a sewer, drain or sump;
4. Water that leaks or flows from below the surface of the ground;
5. Mudslides or mudflows, which are caused by flooding as defined in **2.** above. For the purpose of this exclusion, a mudslide or mudflow involves a river of liquid and flowing mud on the surface of normally dry land areas, as when earth is carried by a current of water and deposited along the path of the current; or
6. The release of water held by a dam, levee, dike or flood control device from any cause including acts, errors or omissions by anyone in the design, specifications, workmanship, repair, construction or removal of the water or flood control device regardless of whether the loss or damage is direct or indirect and regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

All other terms and conditions remain unchanged.



EVANSTON INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – POLLUTION

This endorsement modifies insurance provided all Property and similar or related coverage forms attached to this policy.

A. The following exclusion is added and is therefore not a Covered Cause Of Loss:

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.

Pollution

The discharge, dispersal, seepage, migration, release, escape or existence of contaminants or “pollutants”.

This exclusion applies regardless of whether there is any:

1. Direct physical loss or damage to Covered Property;
2. Loss of use, occupancy or functionality or decreased valuation of Covered Property or loss of Business Income;
3. Cost of removal, treatment, disposal, decontamination, replacement or restoration of Covered Property which has been contaminated by toxic or hazardous substances, contaminants or “pollutants” and by law or civil authority must be removed, contained, treated, detoxified or neutralized, disposed of, decontaminated, replaced or restored; or
4. Suit or administrative proceeding or action involving the insured.

But if the discharge, dispersal, seepage, migration, release, escape or existence of contaminants or “pollutants” results in a “specified cause of loss”, we will pay for the loss or damage caused by that “specified cause of loss”.

B. The following definitions are added and replace any similar definition in any primary or underlying excess policy:

“Pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, toxic or hazardous substances and waste. Waste includes materials to be, or that have been, recycled, reconditioned or reclaimed.

“Specified causes of loss” means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism or malicious mischief; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action, falling objects; weight of snow, ice or sleet; and water damage.

1. 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:
 - a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man-made underground cavities.
2. Falling objects does not include loss or damage to:
 - a. Personal property in the open; or
 - b. 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.
3. Water damage means:

- a.** Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- b.** 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 any water exclusion included in this policy.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **3.a.** or **3.b.** of this definition of "specified causes of loss," such water is not subject to the provisions of any water exclusion which precludes coverage for surface water or water under the surface of the ground.

All other terms and conditions remain unchanged.

MASTER PROPERTY POLICY

1. **NAMED INSURED – Castle Habitational Properties DBA Castle Properties.**
as per attached endorsement schedule, and any subsidiary, associated, allied or affiliated company, corporation, firm, organization, partnership, Joint Venture or individual, whether wholly or partially owned or controlled by the Insured, where the Insured maintains an interest, or where the Insured is required to provide insurance, as now exist or are hereafter constituted or acquired, and any other party in interest that is required by contract or other agreement to be named.

2. **TERM OF INSURANCE -** In consideration the premium this policy attaches and covers for a period of one year from March 1, 2017 to March 1, 2018, beginning and ending at 12:01 A.M., standard time, at the location of the property involved. It is agreed that the actual effective time of attachment of this insurance on the above date shall be the same time on the above date as the actual effective time of cancellation or expiration of the policy(ies) replaced or renewed by this policy.

3. **PARTICIPATION -**

The **Company** agrees that its participation in this **Program** is as follows:

| | | | | | |
|--|---------------------|---|----------------------|----------------------|------------------------|
| Company Issuing Paper: Evanston Insurance Company | | | | | |
| Policy Number: MKLV11XP005487 | | | | | |
| | Layer | Company Participation Percentage | Company Limit | Layer Premium | Carrier Premium |
| | Primary \$2,500,000 | 31.5% | \$787,500 | Per Invoice | Per Invoice |
| | \$22.5m xs \$2.5m | 31.5% | \$7,087,500 | Per Invoice | Per Invoice |

The Company shall not be liable for more than its proportionate share of each layer shown in the Participation Clause, for any one Occurrence (the Company’s participation) except the Company’s liability shall not exceed its proportionate share of any of the specific sublimits of liability for any one Occurrence designated in Clause 4. These sublimits are part of and not in addition to the limit(s) of liability stated below.

4. **LIMITS OF LIABILITY -**
 - (1) The **Program** limit of liability is US\$300,000,000 per occurrence.
 - (2) Sublimits below are applicable to all direct physical loss, damage or destruction insured against.

Castle Properties
Master Property Policy

- a) \$100,000,000 per occurrence as respects to Named Windstorm in Tier 1 Counties as defined within this policy.
 - b) \$2,500,000 per occurrence as respects Service Interruption (property damage and time element combined);
 - c) \$1,500,000 per occurrence as respects Contingent Business Interruption;
 - d) \$5,000,000 per occurrence as respects LEED Green Building Coverage – all parts combined;
 - e) \$5,000,000 per occurrence as respects Accounts Receivable;
 - f) \$10,000,000 per occurrence as respects Demolition and Increased Cost of Construction (coverage B&C combined);
 - g) \$25,000,000 per occurrence as respects Newly Acquired Property subject to a 90 day reporting.
 - h) Greater of \$5,000,000 or 25% of loss per occurrence as respects Debris Removal;
 - i) 30 days per occurrence as respects Ingress Egress;
 - j) 30 days per occurrence as respects Civil Authority;
 - k) \$2,500,000 per occurrence as respects Unnamed Locations;
 - l) \$500,000 per occurrence as respects Inland Transit;
 - m) \$500,000 per occurrence as respects Loss Adjustment Expenses;
 - n) \$2,500,000 as respects Locks and Keys.
 - o) \$1,000,000 per occurrence as respects to Sewer Back-up
 - p) \$1,000,000 per occurrence Unintentional Errors and / or Omissions
 - q) \$5,000,000 per occurrence Property in the Course of Construction, Erection or Installation (non-structural repairs only)
 - r) \$100,000 per occurrence and Asbestos
 - s) \$10,000,000 per occurrence Valuable Papers per occurrence
5. The amount of loss from any one occurrence for which this policy is excess, shall be determined by the combined loss, damage or expense as insured under the primary policy. In the event of loss or damage involving more than one coverage or peril, The Limits of Liability of the underlying policies shall first apply to the coverage(s) or peril(s) not insured by this policy, and the remainder, if any to the coverages(s) or peril(s) as provided hereunder. Upon erosion or exhaustion of the Limits of Liability of the underlying policies, this policy shall then be liable for the loss uncollected from the coverage(s) or perils(s) insured hereunder, subject to the Limit of Liability specified herein. In the event of reduction or exhaustion of the aggregate limit(s) designated in the underlying policy(ies), it is hereby understood and agreed that such insurance as is afforded by this policy shall apply in excess of the reduced or exhausted underlying limit(s).
6. DEDUCTIBLE CLAUSE -All loss, damage, or expense arising out of any one occurrence per each location shall be adjusted as one loss and from the amount of such adjusted loss shall be deducted the sum agreed upon by Castle Properties

but never less than \$10,000 per location except \$25,000 per location for windstorm and hail in the entire state of Texas or except as follows:

- (1) As respects loss or damage to property in Tier One counties except the entire State of Florida resulting from the peril of a Named Windstorm, this Company shall not be liable for loss to any unit of insurance covered hereunder unless such loss exceeds two percent (2%) of the value of such unit of insurance in accordance with the policy valuation at the time when such loss shall happen. In the event of loss involving two or more units of insurance for which a claim is submitted, the applicable percentage deductible herein shall apply jointly to such units of insurance. A minimum deductible of \$25,000 each location and \$100,000 each occurrence shall apply. This deductible shall not apply to an ensuing peril not otherwise excluded herein.
 - (2) As respects loss or damage to property in the Entire State of Florida resulting from the peril of a Named Windstorm, this Company shall not be liable for loss to any unit of insurance covered hereunder unless such loss exceeds Five percent (5%) of the value of such unit of insurance in accordance with the policy valuation at the time when such loss shall happen. In the event of loss involving two or more units of insurance for which a claim is submitted, the applicable percentage deductible herein shall apply jointly to such units of insurance. A minimum deductible of \$25,000 each location and \$100,000 each occurrence shall apply. This deductible shall not apply to an ensuing peril not otherwise excluded herein.
 - (3) As respects loss or damage to property as a result of the peril of Earthquake this Company shall not be liable for loss unless such loss exceeds \$25,000 per occurrence
 - (4) Waiting Period - With respect to Service Interruption, Civil Authority and Ingress /Egress coverage is provided by this policy only if the period of interruption of the Insured's business exceeds 24 hours. Then coverage will apply excess of the appropriate policy deductible.
 - (5) In the application of the Deductible Clause made a part of this coverage each of the following shall be considered a separate Unit of Insurance:
 - i) Each separate building or structure
 - ii) Contents in each separate building or structure
 - iii) Property in the yard of each separate building or structure
 - iv) Annual Business Interruption value applying to each separate building or structure.
- 1) Whether the claim involves loss at one or more locations, the deductible amount shall apply against the total loss suffered by the location from any one occurrence. If two or more deductible amounts in this policy apply to a single occurrence for an individual location, the total to be deducted shall not exceed the largest deductible applicable for that location.

In the event of physical loss or damage as a result of a Named Windstorm the percentage deductible only applies those locations situated in tier 1 counties. A single Named Windstorm occurrence that effects locations within a tier 1 county and outside of a tier 1 county the location deductible shall apply to locations situated outside of a Tier 1 county.

- m) Whenever mortgage or lease conditions require insurance protection without deductibles or with deductibles less than are provided herein, the Insurer agrees to make payment without consideration of the applicable deductible herein. For any payments so made within ten (10) days after payment of the loss the Insured agrees to reimburse the Insurer for the difference between the deductible required by the mortgage or lease condition and the actual deductible provided herein.
 - n) The deductible amounts specified above shall not apply to general average contributions and salvage charges.
7. LOSS PAYABLE - Loss, if any, shall be adjusted with and payable to the Insured, or as directed by them.
8. TERRITORY - This policy covers anywhere in the United States of America, its territories and possessions, including coastal and inland waterways and while in due course of transit therein or thereto.
9. PROPERTY COVERED - Except as hereinafter excluded, this policy covers the interest of the Insured in all real and personal property owned, used, leased or intended for use by the Insured or in which the Insured may have an insurable interest, or for which the Insured may be responsible for the insurance, or real or personal property hereafter constructed, erected, installed, or acquired including while in course of construction, erection, installation, and assembly including Improvements and Betterments. In the event of loss or damage, this Company agrees to accept and consider the Insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary. This policy is extended to include:
- (1) The interest of the Insured in the real and personal property of others in the Insured's care, custody, or control and the Insured's liability imposed by law or assumed by contract, whether written or oral, for such property, including the cost to defend any allegations of liability for loss or damage to such property.
 - (2) At the option of the Insured, personal property of the Insured's officials and employees while on the premises of the Insured.
 - (3) Contractors' and/or subcontractors' (of any tier) and/or vendors' interests in property covered to the extent of the Insured's liability imposed by law or assumed by contract, whether written or oral.
 - (4) The interest of the Insured in Fences, carports, signs, storage buildings, cabanas, pools, offices, and clubhouses.

10. PROPERTY EXCLUDED - This policy does not cover loss or damage to:
- (1) Money and securities;
 - (2) Land, land values, except as insured under the "Pollutant Cleanup of Land and Water" clause. This exclusion shall not apply to the cost of reclaiming, restoring or repairing land improvements. Land improvements as described hereunder include, but are not limited to any alteration to the natural condition of the land by grading, landscaping, excavation, earthen dikes or dams, as well as additions to land such as pavements, roadways or similar works;
 - (3) Water; except water which is normally contained within any type of tank, piping system or other process equipment;
 - (4) Growing crops, standing timber, and live animals not used for research;
 - (5) Watercraft while afloat, aircraft, and motor vehicles licensed for highway use when not on the Insured's premises, (this exclusion shall not apply to contractor's equipment, nor to such property which constitutes stock or which is on exhibit or which is being repaired);
 - (6) Export shipments after loading on board an overseas vessel or watercraft or after ocean marine insurance attaches, whichever occurs first; and import shipments prior to discharge from the overseas vessel or watercraft or until the ocean marine insurance terminates, whichever occurs last.
11. PROPERTY VALUATION - The basis of loss adjustment shall be as follows:
- (1) Valuable Papers & Records/Electronic Data Processing Media : the cost to repair or replace the property with other of like kind and quality including the cost of labor, service or supplies consumed in reconstructing, reproducing, recreating, transcribing or copying information; or, if not so replaced, the value blank.
 - (2) Raw materials and supplies: the replacement cost new.
 - (3) Stock in process: The value of raw materials plus labor expended plus the proper proportion of overhead charges.
 - (4) Finished stock and other merchandise for sale: The regular cash selling price less all discounts and charges to which such property would have been subject had no loss occurred.
 - (5) Real and personal property of others for which the Insured is liable: A valuation consistent with the liability of the Insured but only to the extent that such money is necessarily expended by the Insured.
 - (6) Electronic data processing equipment, production machinery & equipment: The cost to repair or replace new with like kind and quality. In addition, the Insured may elect to replace such equipment with equipment having technological advances and/or representing an improvement in function and/or forming part of a program of system enhancement and/or more consistent with the Insured's technology

strategy (without any reduction or offset for betterment) provided that such replacement can be accomplished without increasing the Insurer's liability.

- (7) Fine arts, at original cost to the Insured, per schedule, latest appraised value or current market value, all at the Insured's option.
 - (8) Other property not otherwise provided for; at replacement cost new without deduction for depreciation. If the property is not repaired, rebuilt or replaced with similar property on the same or another site, the Company shall not be liable for more than the actual cash value of the property damaged or destroyed. Loss settlement on a replacement cost basis shall include Architect and Engineering Fees to the extent incurred as a result of a loss which would be payable under this policy and shall be subject to the following provisions:
 - i) The repairs, replacement or reinstatement must be executed with due diligence and dispatch.
 - ii) This Company's liability for loss or damage on a replacement cost basis shall not exceed the lesser of the replacement cost new of the property or any part thereof identical with such property intended for the same occupancy and use, including normal and customary profit and overhead even if the work is performed by the Insured; or the amount actually and necessarily expended in repairing or replacing said property or any part thereof including normal and customary profit and overhead even if the work is performed by the Insured.
12. BUSINESS INTERRUPTION - This policy shall cover the loss resulting from necessary interruption of business conducted by the Insured including all interdependent loss of earnings between or among companies owned or operated by the Insured caused by loss, damage, or destruction by any of the perils covered herein during the term of this policy to real and personal property as covered herein.
- (1) In the event of such loss, damage or destruction this Company shall be liable for the ACTUAL LOSS SUSTAINED by the insured resulting directly from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business. Due consideration shall be given to the continuation of normal charges and expenses including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately before the loss. For the purposes of this insurance, "Gross Earnings" are defined as the sum of:

- i) Net sales value of production from manufacturing operations, and net sales from Merchandising or Non-Manufacturing operations; and
- ii) Other earnings derived from operations of the business,

LESS THE COST OF:

- iii) Raw Stock from which such production is derived;
- iv) Supplies consisting of materials consumed directly in the conversion of such raw stock into finished stock or in supplying the services(s) sold by the Insured;
- v) Merchandise sold, including packaging materials therefor; and
- vi) Service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining Gross Earnings.

- (2) In the event of loss, damage, or destruction to property as covered herein caused by any of the perils covered herein which results in an interruption of research and development activities which in themselves would not have produced income during the period of restoration, this policy shall cover the actual loss sustained of the continuing fixed charges and expenses, including ordinary payroll, directly attributable to such research and development activities.
- (3) Resumption of Operations: It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business:
 - i) by a complete or partial resumption of operation at a location owned by the same entity suffering the loss, whether damaged or not; or
 - ii) by making use of available stock, merchandise, or other property;

such reduction shall be taken into account in arriving at the amount of loss hereunder.

- (4) EXPERIENCE OF THE BUSINESS - In determining the amount of gross earnings, charges, and expenses covered hereunder for the purposes of ascertaining the amount of loss sustained, due consideration shall be given to the experience of the business before the date of damage or destruction and to the probable experience thereafter had no loss occurred. With respect to alterations, additions, and property while in the course of construction, erection, installation, or assembly, due consideration shall be given to the available experience of the business after completion of the construction, erection, installation, or assembly.

- (5) As respects coverage provided under the Gross Earnings clause of this policy, the insurer shall not be liable for any loss resulting from loss or damage to finished stock nor for the time required to reproduce said finished stock.
13. Extra Expense - This policy shall cover the necessary extra expense, as hereinafter defined, incurred by the Insured caused by loss, damage, or destruction by any of the perils covered herein during the term of this policy to real and personal property as covered herein.
 - (1) The term "Extra Expense" wherever used in this Policy, is defined as the excess (if any) of the total cost(s) incurred during the period of restoration, chargeable to the operation of the Insured's business, over and above the total cost(s) that would have normally have been incurred to conduct the business during the same period had no loss or damage occurred.
 - (2) In the event of loss, damage, or destruction to property as covered herein caused by any of the perils covered herein which results in an interruption of research and development activities, this policy shall cover the actual loss sustained of the extra expenses as defined herein directly attributable to the interruption of such research and development activities.
 - (3) As soon as practicable the Insured shall resume normal operations of the business and shall dispense with such extra expense.
14. This policy is extended to cover expenses as are necessarily incurred for the purpose of reducing any loss under this policy; however, such expenses may not exceed the amount by which the loss under this policy is thereby reduced.
15. SOFT COSTS - This policy shall cover soft costs, as hereinafter defined, incurred by the Insured caused by loss, damage, or destruction by any of the perils covered herein during the term of this policy to property under construction as covered herein.
 - (1) The term "Soft Costs" shall include:
 - i) Additional interest costs on money used to finance construction or repair;
 - ii) Additional real estate and property taxes incurred for the period of time that construction extends beyond the projected completion date;
 - iii) Additional legal and accounting fees; and
 - iv) Additional advertising and promotional expenses which become necessary as a result of an insured loss.

- (2) This company shall pay soft costs incurred from the date that the building, structure or improvement would have been completed had no physical damage occurred until such time that it is completed. As soon as practicable after any loss, the Insured shall utilize every available means to reduce the amount of loss including:
- i) partial or complete resumption of construction, business or operations;
 - ii) making use of materials, equipment, supplies, or other property at the Insured's premises or elsewhere; or
 - iii) making use of substitute facilities or services where practical;
- such reduction will be taken into account in arriving at the amount of such loss.
16. Rental Value/Rental Income - This policy shall cover the actual loss sustained by the Insured resulting directly from the necessary untenability caused by loss, damage, or destruction by any of the perils covered herein during the term of this policy to real or personal property as covered herein. Loss settlement shall not exceed the reduction in rental value less charges and expenses which do not necessarily continue during the period of untenability.
- (1) If the Insured is the lessor, for the purposes of this insurance, "rental value" is defined as the sum of:
- i) the total anticipated gross rental income from tenant occupancy of the described property as furnished and equipped by the insured, and
 - ii) the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured, and
 - iii) the fair rental value of any portion of said property which is occupied by the Insured.
- (2) If the Insured is the lessee, rental value shall be the determined rental which the Insured is obligated to pay (including ground rents, accrued charges, real estate taxes and interest if the Insured shall be liable therefor) less such charges and expenses as do not necessarily continue.
- (3) Experience of the Business - In determining the amount of rental value covered hereunder for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to the rental experience before the date of damage or destruction and to the probable experience thereafter had no loss occurred. With respect to alterations, additions, and property while in the course of construction, erection, installation, or assembly, due consideration shall be given to the available rental

experience of the business after completion of the construction, erection, installation or assembly.

- (4) With respect to buildings or structures leased or rented by the Insured, this policy will serve as rental income insurance in those situations where the insured is required under a lease or rental agreement to maintain such insurance on behalf of any landlord. This policy will respond for rental expenses incurred by the Insured in excess of the expenses which would have been incurred had a leased or rented premises not been damaged or destroyed by any peril covered under this policy. Such coverage will apply for all additional expenses incurred during the period of untenability or if the lease cannot be terminated until its expiration.
17. Royalties - This policy shall cover the loss of income to the Insured under royalty, licensing fees, or commission agreements between the Insured and another party which is not realizable due to loss, damage or destruction by any of the perils covered herein during the term of this policy to property of the other party.
 - (1) Any loss hereunder shall be adjusted on the basis of the ACTUAL LOSS SUSTAINED to such income referred to above, which would have been earned had no loss occurred.
 - (2) Resumption of Operations: The Insured shall influence, to the extent possible, the party with whom the agreement described above has been made to use any other machinery, supplies or locations in order to resume business so as to reduce the amount of loss hereunder and the Insured shall cooperate with that party in every way to effect this, but not financially, unless such expenditures shall be authorized by this Company.
 - (3) Experience of the Business: In determining the amount of income derived from the agreements(s) described above for the purposes of ascertaining the amount of loss sustained, due consideration shall be given to the amount of income derived from such agreement(s) before the date of damage or destruction and to the probable amount of income thereafter had no loss occurred.
18. Leasehold Interest - This policy covers the pro rata proportion from the date of loss to expiration date of the lease (to be paid without discount) on the Insured's interest in:
 - (1) the amount of bonus paid by the Insured for the acquisition of the lease not recoverable under the terms of the lease for the unexpired term of the lease;

- (2) improvements and betterments to real property during the unexpired term of the lease which is not covered under any other section of this policy;
- (3) the amount of advance rental paid by the Insured and not recoverable under the terms of the lease for the unexpired term of the lease;

when property is rendered wholly or partially untenable by any of the perils covered herein during the term of this policy and the lease is canceled by the lessor in accordance with the conditions of the lease or by statutory requirements of the state in which the damaged or destroyed property is located; and "Interest of the Insured as Lessee or Lessor" when property is rendered wholly or partially untenable by any of the perils covered herein during the term of this policy and the lease is canceled by the lessor in accordance with the conditions of the lease or by statutory requirements of the state in which the damaged or destroyed property is located. The "Interest of the Insured as Lessee or Lessor" as referred to herein shall be paid for the first three months succeeding the date of the loss and the "Net Lease Interest" shall be paid for the remaining months of the unexpired lease.

- (4) The "Interest of the Insured as Lessee" is defined as:
 - i) the excess of the rental value of similar premises over the actual rental payable by the lessee (including any maintenance or operating charges paid by the lessee) during the unexpired term of the lease.
 - ii) the rental income earned by the Insured from sublease agreements, to the extent not covered under any other section of this policy, over and above the rental expenses specified in the lease between the Insured and the lessor.
 - (5) The "Interest of the Insured as Lessor" is defined as the difference between the rents payable to the lessor under the terms of the lease in effect at the time of loss and the actual rent collectible by the lessor during the unexpired term of the lease provided the lease is cancelled by the lessee, to the extent not covered under any other section of this policy.
 - (6) "Net Lease Interest" is defined as that sum, which placed at 6% interest compounded annually will be equivalent to the "Interest of the Insured as Lessee".
 - (7) This Company shall not be liable for any increase of loss which may be occasioned by the suspension, lapse or cancellation of any license or by the Insured exercising an option to cancel the lease.
19. Loss Provisions Applicable to Time Element Coverage - The "Period of Indemnity" is defined as the length of time for which loss may be claimed, and

shall commence with the date of such loss or damage and shall not be limited by the date of expiration of this policy, subject to the following provisions:

- (1) The Period of Indemnity shall not exceed such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair, or replace such part of the property as has been destroyed or damaged.
- (2) With respect to alterations, additions, and property while in the course of construction, erection, installation, or assembly the Period of Restoration shall be determined as provided above but such determined length of time shall be applied and the loss hereunder calculated from the date that business operations would have begun had no damage or destruction occurred.
- (3) Extended Period of Indemnity - The Period of Indemnity shall include such additional length of time to restore the Insured's business to the condition that would have existed had no loss occurred, commencing with the later of the following dates:
 - i) the date on which the liability of the Company for loss or damage would otherwise terminate; or
 - ii) the date on which repair, replacement, or rebuilding of such part of the property as has been damaged is actually completed;

terminating no more than 365 days from said later commencement date.

20. Extensions of Time Element Coverage: This policy, subject to all its provisions and without increasing the amount of said policy, insures against loss resulting from damage to or destruction by the perils insured against, to:

- (1) Any service provider's property including but not limited to, electrical equipment and systems, water, gas, steam, telephone or their respective transmission and distribution lines or utility plants which directly or indirectly provide incoming or outgoing services to the Insured situated on or outside of the Insured's premises. This coverage is extended to include loss or damage resulting from any accidental occurrence to property referenced in this clause.
- (2) property that directly or indirectly prevents a supplier (of any tier) of goods and/or services to the Insured from rendering their goods and/or services, or property that prevents a receiver (of any tier) of goods and/or services from receiving the Insured's goods and/or services; such supplier or receiver shall not be an Insured under this policy. Coverage includes loss or damage to real and personal property not owned or operated by the Insured, located in the same vicinity as the insured and which attracts business to that vicinity.
- (3) dams, reservoirs, or equipment connected therewith when water, used as a raw material or used for power or for other manufacturing purposes,

stored behind such dams or reservoirs is released from storage and causes an interruption of business as a result of lack of water supply from such sources.

- (4) the actual loss sustained for a period not to exceed sixty (60) consecutive days when, as a result of a peril insured against, access to real or personal property is impaired or hindered by order of civil or military authority irrespective of whether the property of the Insured shall have been damaged.
 - (5) the actual loss sustained for a period not to exceed sixty (60) consecutive days when, as a result of a peril insured against, ingress to or egress from real or personal property is thereby impaired or hindered irrespective of whether the property of the Insured shall have been damaged.
 - (6) property, facilities or piping systems which prevents the Insured from discharging its outgoing effluence.
21. Transit - This policy shall cover property in transit, and this policy attaches and covers shipments within and between the territorial limits of this policy, including the coastal waters thereof, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance intended for use for any outbound or used for inbound shipment, including during deviation and delay, until safely delivered and accepted at place of final destination. This insurance is extended to cover loss or damage to property:
- (1) sold and shipped by the Insured under terms of F.O.B. point of origin or other terms usually regarded as terminating the shipper's responsibility short of points of delivery;
 - (2) arising out of any unauthorized person(s) representing themselves to be the proper party(ies) to receive goods for shipment or to accept goods for delivery;
 - (3) occasioned by the acceptance by the Insured, by its agents, or by its customers of fraudulent bills of lading, shipping and delivery orders, or similar documents;
 - (4) at the Insured's option, property which is incoming to the Insured.

The Insured may waive right(s) of recovery against private, contract, and common carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting or releasing their liability, but this transit insurance shall not inure to the benefit of any carrier, bailee, warehouseman, or processor. With respect to shipments described under subparagraphs a and d above, this Company agrees to waive its rights of subrogation against shippers and consignees at the option of the Insured.

- (5) The Insured is not to be prejudiced by any agreements exempting lightermen from liability.
- (6) Seaworthiness of any vessel or watercraft, and airworthiness of any aircraft are admitted between this Company and the Insured.

22. Accounts Receivable - Defined as:

- (1) All sums due the Insured from customers, provided the Insured is unable to effect collection thereof as the direct result of loss of or damage to records of accounts receivable;
- (2) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage;
- (3) Collection expense in excess of normal collection cost and made necessary because of such loss or damage;
- (4) Other expenses, when reasonably incurred by the Insured in reestablishing records of accounts receivable following such loss or damage.

For the purpose of this insurance, credit card company charge media shall be deemed to represent sums due the Insured from customers, until such charge media is delivered to the credit card company.

When there is proof that a loss of records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be computed as follows:

- (5) the monthly average of accounts receivable during the last available twelve months shall be adjusted in accordance with the percentage increase or decrease in the twelve months average of monthly gross revenues which may have occurred in the interim.
- (6) the monthly amount of accounts receivable thus established shall be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred, due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

23. PERILS INSURED AGAINST - This policy insures against all risks of direct physical loss of or damage to property described herein including general

average, salvage, and all other charges on shipments covered hereunder, except as hereinafter excluded.

24. PERILS EXCLUDED - This policy does not insure:
- (1) infidelity or dishonesty of the Insured or of the Insured's employees. A willful act of malicious intent shall not be deemed to be an act of infidelity. This exclusion shall not apply to loss or damage resulting from the Insured voluntarily parting with title or possession of any property if induced to do so by any fraudulent trick, scheme, device or false pretense;
 - (2) against the cost of making good defective design or specifications, faulty material, or faulty workmanship; however, this exclusion shall not apply to loss or damage resulting from such defective design or specifications, faulty material, or faulty workmanship. If such fault or defect gives rise to loss, damage or an occurrence to an object which, but for this exclusion would be insured under this policy, the insurer shall, in respect of such loss or damage, be liable only for the cost additional to the cost that would have been incurred in making good such defective design or specifications, faulty material or faulty workmanship had the loss, damage or occurrence to an object not occurred;
 - (3) against ordinary wear and tear or gradual deterioration unless other loss or damage from a peril insured against herein ensues and then this policy shall cover for ensuing loss or damage. However, if an accident to an object ensues then this policy shall also cover the normal actual wear and tear or gradual deterioration to the damaged object;
 - (4) against inherent vice or latent defect unless other loss or damage from a peril insured against herein ensues and then this policy shall cover for ensuing loss or damage;
 - (5) against errors in processing or manufacture of the Insured's product unless loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage;
 - (6) goods missing at stock-taking in respect of which no claim has been previously reported unless the loss can be proved by the Insured to be due to a peril not otherwise excluded by this insurance;
 - (7) against electrical injury or disturbance to electrical appliances, devices, or wiring caused by electrical currents artificially generated unless loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage;

- (8) against mechanical breakdown unless loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage;
- (9) against explosion, rupture, or bursting of steam boilers, steam pipes, steam turbines, or steam engines owned or operated by the Insured unless loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage; it is agreed that direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox (or combustion chamber) of any fired vessel or within the flues or passages which conduct the gases or combustion there from shall be covered hereunder;
- (10) against nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote; or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy; except if a covered peril ensues, liability is specifically assumed for direct loss by such ensuing peril but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination. This Company shall be liable for loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage for each occurrence from material used or stored or from processes conducted on insured premises provided at the time of loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises;
- (11) against hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending, or expected attack by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces; or by military, naval, or air forces; or by any agent of any such government, power, authority, or forces;
 - i) against any weapon employing atomic fission or fusion;
 - ii) against rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such occurrence;
 - iii) against seizure or destruction by order of public authority, except destruction by order of public authority to prevent the spread of, or to otherwise contain, control or minimize loss, damage or destruction which occurs due to a peril insured against under this policy;
 - iv) against risks of contraband or illegal trade;
 - v) against confiscation, nationalization and expropriation.

Notwithstanding the above provisions, this insurance shall cover loss or damage directly caused by acts committed by an agent of any government, party, or faction engaged in war, hostilities, or warlike operations, provided such agent is acting secretly and not in connection with any operation of armed forces (whether military, naval, or air forces) in the country where the property is situated. Nothing in the foregoing shall be construed to include any loss, damage, or expense caused by or resulting from any of the risks or perils excluded above, excepting only the acts of certain agents expressly covered herein, but in no event shall this insurance include any loss, damage, or expense caused by or resulting from any weapon or war employing atomic fission or fusion whether in time of peace or war.

- (12) loss or damage caused directly or indirectly by the release, discharge, dispersal, seepage, migration, or escape of pollutants or contaminants unless the release, discharge, dispersal, seepage, migration, or escape is caused by a peril not otherwise excluded herein. However, if a peril not otherwise excluded herein ensues due to the release, discharge, dispersal, seepage, migration, or escape of pollutants or contaminants, such ensuing loss or damage shall be covered.
- (13) This policy excludes Earthquake unless loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage.
- (14) This policy excludes Flood unless loss or damage from a peril insured herein ensues and then this policy shall cover for such ensuing loss or damage.

Exclusion b), c), d), e), g), h) and i) do not apply to alterations, additions, and property while in the course of construction, erection, installation, or assembly.

Exclusion b), c), d), g), h) and i) do not apply to property in transit.

25. DEFINITIONS

- (1) The term "Earthquake" as used in this policy shall mean loss or damage caused by or resulting from a series of vibrations induced in the earth's crust by the abrupt rupture and rebound of rocks in which elastic strain has been slowly accumulating (but shall not apply to damage caused by an ensuing peril not otherwise excluded from this policy).
- (2) The term "Flood" as used in this policy shall mean loss or damage caused by or resulting from waves, tide, or tidal water, and the rising (including the overflowing or breakage of boundaries) of lakes, ponds, reservoirs,

rivers, harbors, streams, and similar bodies of water, whether wind driven or not (but shall not apply to damage caused by an ensuing peril not otherwise excluded from this policy).

- (3) The term "occurrence" is defined as follows:
- i) Except as hereinafter defined, "loss occurrence" shall mean an accident or occurrence or series of accidents or occurrences arising out of one event.
 - ii) Each loss occurrence which involves the perils of tornado, windstorm, cyclone, hurricane or hail shall include all loss or damage wherever occurring occasioned by these perils which arise out of one atmospheric disturbance during a continuous period of 72 hours.
 - iii) Each loss occurrence which involves the peril of earthquake, a series of earthquakes shall include all losses or damage sustained during a continuous period of 72 hours.
 - iv) Each loss occurrence which involves the perils of theft, vandalism, malicious mischief or riot/civil commotion shall include the sum total of all losses of property and/or interests insured herein resulting from one or more fraudulent or dishonest acts committed by a person(s) acting alone or in collusion with others.
 - v) The Insured shall have the right to elect the moment from which the time periods referred to in ii), iii), and iv) above shall be deemed to have commenced, however no elected period of time shall commence within any previous occurrence.
 - vi) Should the time period in ii), iii), and iv) above extend beyond expiration or cancellation date of this policy and commence prior to the expiration or cancellation date, this Company shall be liable as is such period fell entirely within the term of this policy.
- (4) "Raw Stock" - Materials and supplies in the state in which the Insured receives it for conversion by the Insured into Finished Stock, including supplies consumed in such conversion or in the service rendered by the Insured.
- (5) "Stock in Process" - Raw stock which has undergone any aging, seasoning, mechanical or other process of manufacture by on behalf of the Insured but which has not become Finished Stock.
- (6) "Finished Stock" - Stock which in the ordinary course of the Insured's business is ready for packing, shipment or sale.
- (7) "Merchandise" - Goods kept for sale by the Insured which are not the product of manufacturing operations conducted by the Insured.
- (8) "Normal" - The condition that would have existed had no loss occurred.

- (9) "Improvements and Betterments" - Fixtures, alterations, installations or additions comprising a part of the described building and made or acquired at the expense of the Insured, but which are not legally subject to removal by the Insured.
- (10) "Valuable papers and records" - Written, printed, or otherwise inscribed documents and records, including but not limited to books, maps, films, drawings, abstracts, deeds, mortgages, micro-inscribed documents and manuscripts.
- (11) "Electronic Data Processing Media" - All forms of data, converted data, electronically converted data and/or programs and/or applications and/or instructions and/or media vehicles.
- (12) "Securities" shall mean all negotiable and nonnegotiable instruments or contracts representing either money or other property, and includes revenue and other stamps in current use, tokens, and tickets.
- (13) "Fine Arts" - Shall include but not be limited to bona fide works of art, works of rarity, works of historical value, works of artistic merit, photographs (positives and negatives), lithographs, illustrations, galley proofs, original records, sculptures, carvings and similar property.
- (14) "Architect and Engineering Fees" - Any cost associated with the preparation of plans, supervision of and approval for the repair or replacement of damaged or destroyed property.
- (15) "Tier One County" - means all locations situated within the counties specified as follows: Texas - **Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jackson, Jefferson, Kenedy, Kleburg, Matagorda, Nueces, Orange, Refugio, San Patricio, Victoria, Willacy, Liberty, Newton**; Louisiana - **Cameron, Iberia, Jefferson, Lafourche, Orleans, Plaquemines, St. Mary, St. Bernard, St. Tammany, Terrebonne, Calcasieu, Livingston, St. Charles, St. James, St. John, St. John the Baptist, Tangipahoa, Vermilion**; Mississippi - **Hancock, Harrison, Jackson**; Alabama - **Baldwin, Mobile**; Florida - **entire state**; Puerto Rico - entire territory; US Virgin Islands - entire territory; Georgia - **Bryan, Camden, Chatham, Glynn, Liberty, McIntosh**; South Carolina - **Beaufort, Berkley, Charleston, Colleton, Georgetown, Horry, Jasper**; North Carolina - **Beaufort, Brunswick, Carteret, Craven, Dare, Hyde, New Hanover, Onslow, Pamlico, Pender, Bertie, Camden, Chowan, Columbus, Currituck, Jones, Pasquotank, Perquimans, Tyrell, Washington**; Virginia - **Accomack, Northampton, Virginia Beach City, Chesapeake, Gloucester, Hampton City, Lancaster, Mathews, Middlesex, Newport News, Norfolk City, Northumberland, Poquoson City, Portsmouth City, Suffolk City,**

York, Isle of Wight, James City, Surry, Westmoreland, Williamsburg City;
Hawaii - entire state.

- (16) "Tier Two County" - means all locations situated within the counties specified as follows: Texas: Austin, Bee, Brooks, Colorado, Dewitt, Duval, Fort Bend, Goliad, Grimes, Hardin, Hidalgo, Jasper, Jim Hogg, Jim Wells, Lavaca, Live Oak, McMullen, Montgomery, Polk, San Jacinto, Starr, Tyler, Walker, Waller and Wharton.
- (17) "Named Storm" - A storm that has been declared by the National Weather Service to be a Hurricane, Typhoon, Tropical Cyclone or Tropical Storm.
26. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES - This policy covers fire brigade charges and other extinguishing expenses for which the Insured may be assessed including loss of fire extinguishing materials expended resulting from a peril insured.
27. LIBERALIZATION CLAUSE - Notwithstanding anything contained herein to the contrary, the coverage provided by this policy shall not be construed to be more restrictive than the coverage provided by the standardized forms filed in various states by the Insurance Services Office.
28. SEVERABILITY OF INTERESTS - The inclusion herein of more than one person or organization, as Insured, shall not operate to increase the limit of the Company's liability nor the deductible amounts to be borne by the Insured. Except with respect to limits of liability and deductible amounts, the terms of this policy shall apply separately to each person or organization covered as Insured in the same manner and to the same extent as though a separate policy had been issued to each such person or organization.
29. DEBRIS REMOVAL - This policy covers the cost of removal of debris of property covered hereunder including the cost of removal of debris of property not insured hereunder from the premises of the Insured resulting from a peril insured against. Except as otherwise provided for elsewhere in this policy, this policy does not cover the cost to extract contaminants or pollutants from land or water, nor does it cover the cost to remove, restore or replace contaminated or polluted land or water.

If at the time insured property is contaminated as a direct result of physical damage insured against by this policy there is in force any law or ordinance regulating contamination, including but not limited to pollution, then this policy shall cover, as a result of the enforcement of such law or ordinance, the increased cost of decontamination and debris removal of such property in a manner to satisfy such law or ordinance. As respects Time Element coverage(s), this policy is extended to include such time as is necessary and reasonable with the exercise of due diligence and dispatch to decontaminate such property in a manner to satisfy such law or ordinance.

30. DEMOLITION AND INCREASED COST OF CONSTRUCTION - In the event of loss or damage under this policy that causes the enforcement of any law or ordinance regulating the demolition, construction, repair or use of property, this Company shall be liable for:
- (1) COVERAGE A - the loss in value of the undamaged portion of the property as a consequence of the enforcement of any law or ordinance that requires demolition of undamaged parts of the same property;
 - (2) COVERAGE B - the cost to demolish and clear the site of undamaged parts of the same property;
 - (3) COVERAGE C - the increased cost to repair or reconstruct damaged and undamaged property on the same or another site when the increased cost is a consequence of the enforcement of any law or ordinance. These costs are limited to the costs that would have been incurred in order to comply with the minimum requirements of such law or ordinance regulating the repair or reconstruction of the damaged property on the same site. This Company shall not be liable for any increased cost of repair or reconstruction loss unless the damaged property is actually rebuilt or replaced;
 - (4) Any increase in loss including but not limited to Business Interruption, Extra Expense, Rental Value, Rental Income, Leasehold Interest or Royalties or extensions thereof arising out of the additional time required to comply with said law or ordinance.
 - (5) In the event real or personal property is not repaired or replaced to the same height, floor area, size, style or comparable quality of the original property insured due to the enforcement of law or ordinance regulating, restricting or prohibiting repair or replacement of covered property, this policy will pay the full replacement cost without deduction for depreciation for the real or personal property damaged or destroyed, as if the property was replaced to the same height, floor area, size, style or comparable quality of the original property insured. This policy will also pay business interruption and extra expense loss as if the original structure were repaired or replaced to original specifications, subject to the terms and conditions of these coverage(s).
31. EXPEDITING EXPENSE - This policy covers the extra cost of temporary repair and of expediting the repair of damaged property insured hereunder, including overtime and express freight or other rapid means of transportation.
32. CONTRIBUTING INSURANCE - Contributing insurance is insurance written upon the same plan, terms, conditions, and provisions as those contained in this policy. This insurance shall contribute in accordance with the conditions of this policy only with other contributing insurance as defined.
33. EXCESS INSURANCE - Excess insurance is insurance over the limit of liability set forth in this policy. The existence of such excess insurance shall not prejudice

the coverage provided under this policy nor will it reduce any liability hereunder.

34. UNDERLYING INSURANCE - Underlying insurance is insurance on all or any part of the deductible and against all or any of the perils covered by this policy including declarations of value to the carrier for hire. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this policy. Should the amount of loss payable under such underlying insurance exceed the deductible amount which would apply in the event of loss under this policy, then no deductible shall apply hereunder and that portion which exceeds such a deductible amount shall be considered "other insurance". Should the amount of loss payable under such underlying insurance be less than the largest deductible amount which would apply in the event of loss under this policy, then the deductible amount to be deducted hereunder shall be the difference between the amount to be paid under such underlying insurance and the largest deductible amount which would apply in the event of loss under this policy.
35. OTHER INSURANCE - Except for insurance described by the contributing insurance clause, by the excess insurance clause, or by the underlying insurance clause, this policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, and whether directly or indirectly covering the same property against the same perils. This Company shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance.
36. SUBROGATION - Any release from liability entered into by the Insured prior to loss hereunder shall not affect this policy or the right of the Insured to recover hereunder. The right of subrogation against the Insured, affiliated, subsidiary, and associated companies, or corporations, or any other corporations or companies associated with the Insured through ownership or management, is waived and at the option of the Insured, against a tenant or guest of the Insured. In the event of any payment under this policy, this Company shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefor. The Insured shall execute all papers required and shall do anything that may be necessary at the expense of the Company to secure such right. The Company will act in concert with all other interests concerned, i.e., the Insured and any other company(ies) participating in the payment of any loss as primary or excess insurers, in the exercise of such rights of recovery. If any amount is recovered as a result of such proceedings, the net amount recovered after deducting the costs of recovery shall be divided between the interests concerned in the proportion of their respective interests. If there should be no recovery, the expense of proceedings shall be borne proportionately by the interests instituting the proceedings.
37. SALVAGE AND RECOVERIES - All salvages, recoveries, and payments, excluding proceeds from subrogation and underlying insurance recovered or

received prior to a loss settlement under this policy shall reduce the loss accordingly. If proceeds from subrogation are recovered or received subsequent to a loss settlement under this policy, such net amounts recovered shall be divided between the interests concerned, i.e. the Insured and any other Company(s) participating in the payment of any loss, in the proportion of their respective interests.

38. CONTROL OF DAMAGED MERCHANDISE - The Insured shall have full right to the possession of all goods involved in any loss under this policy and shall retain control of all damaged goods. The Insured, exercising reasonable discretion, shall be the sole judge as to whether the goods involved in any loss under this policy are fit for consumption. No goods so deemed by the Insured to be unfit for consumption shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow this Company any salvage obtained by the Insured on any sale or other disposition of such goods. The Insured, using reasonable discretion, shall be the sole judge as to whether production or EDP equipment and/or media is damaged and unusable. This insurer shall be allowed to dispose of as salvage, any non-proprietary property deemed unusable by the Insured.
39. BRAND OR TRADEMARK - In case of damage by a peril insured against to property bearing a brand or trademark or which in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal at this Company's expense in the customary manner of all such brands or trademarks or other identifying characteristics.
40. ERRORS OR OMISSIONS - Any unintentional error or omission made by the Insured in the application for insurance shall not void or impair the insurance hereunder provided the Insured reports such error or omission as soon as reasonably possible after discovery by the Insured's home office insurance department.
41. NOTICE OF LOSS - As soon as practicable after any loss or damage occurring under this policy is known to the Insured's home office insurance department, the Insured shall report such loss or damage with full particulars to **Castle Properties** for transmission to the designated loss adjuster and to this Company.
42. DESIGNATED LOSS ADJUSTER - It is understood and agreed that each and every loss will be adjusted by Vericlim.
43. PROOF OF LOSS - Proof of loss is required as soon as practicable following the Company's written request for signed Proof from Insured; however, Insured, at its option, may elect to file Proof with the Company prior to the Company's request. It shall be necessary for the Insured to render a signed and sworn proof of loss to the Insurer or its appointed representative stating: the place, time and

- cause of loss, interest of the Insured and of all others, the value of the property involved, and the amount of loss, damage or expense sustained.
44. PARTIAL PAYMENT OF LOSS - In the event of a loss covered by this policy, it is understood and agreed that the Company shall allow a partial payment(s) of claim subject to the policy provisions and normal Company adjustment process.
 45. PAYMENT OF LOSS - All adjusted claims shall be due and payable no later than thirty (30) days after presentation of proofs of loss by the Insured or its appointed representative.
 46. LOSS ADJUSTMENT EXPENSES - This policy is extended to include expenses incurred by the Insured, or by the Insured's representatives for preparing and certifying details of a claim resulting from a loss which would be payable under this policy. These expenses include fees of professionals engaged to assist the Insured in determining the cause and origin of the loss, the amount of loss sustained, and the amount of loss payable under this policy. This policy shall not cover the expenses of a public adjuster. Such expenses shall not exceed \$500,000 in any one occurrence.
 47. APPRAISAL - If the Insured and this Company fail to agree on the amount of loss, each, upon the written demand either of the Insured or of this Company made within 60 days after receipt of proof of loss by the Company, shall select a competent and disinterested appraiser. The appraisers shall then select a competent and disinterested umpire. If they should fail for 15 days to agree upon such umpire, then upon the request of the Insured or of this Company, such umpire shall be selected by a judge of a court of record in the county and state in which such appraisal is pending. Then, at a reasonable time and place, the appraisers shall appraise the loss, stating separately the value at the time of loss and the amount of loss. If the appraisers fail to agree, they shall submit their differences to the umpire. An award in writing by any two shall determine the amount of loss. The Insured and this Company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and of the umpire.
 48. CONSEQUENTIAL LOSS - This policy insures against consequential loss including spoilage to real and personal property as insured hereunder caused by change of temperature or humidity or by interruption of any service including but not limited to power, heat, air conditioning, or refrigeration resulting from a peril insured against.
 49. PAIR AND SET - In the event of loss or damage by a peril insured against to any article or articles which are part of a pair or set, the measure of loss or damage to such article or articles shall be the full value of the pair or set provided that the Insured surrenders the remaining article or articles of the pair or set to the Company.

50. CONSEQUENTIAL REDUCTION IN VALUE - This policy covers the reduction in value of insured components or parts of components or parts of products or the remaining part or parts of any lot of merchandise usually sold by lots or sizes, color ranges, or other classifications due to loss or damage insured against by this Policy to other insured components or parts of products.
51. COINSURANCE WAIVER - This policy is not subject to any coinsurance or average clause.
52. JOINT LOSS AGREEMENT - In the event of damage or destruction of property, at a location covered in this policy and also designated in a Boiler and Machinery policy insurance policy and there is a disagreement between the insurers with respect to whether such damage or destruction was caused by a peril insured against by this policy or by such Boiler and Machinery insurance policy or, the extent of participation of this policy and of such Boiler and Machinery insurance policy in a loss which is insured partially or wholly by any or all of said policies, this Company shall, upon written request of the Insured, pay to the Insured One-Half (1/2) of the amount of the loss which is in disagreement but in no event more than this Company would have paid if there had been no Boiler and Machinery insurance policy in effect, subject to the following conditions:
 - (1) The amount of the loss which is in disagreement, after making provisions for any undisputed claims payable under the said policies and after the amount of the loss is agreed upon by the Insured and the insurers, is limited to the minimum amount remaining payable under either the Boiler and Machinery or Property policy.
 - (2) The Boiler and Machinery insurer(s) shall simultaneously pay to the Insured One-Half (1/2) of said amount which is in disagreement, but in no event more than the company(ies) would have paid if there had been no property policy in effect, and also limited to the minimum amount remaining payable under either the Boiler and Machinery or Property policy(ies).
 - (3) The payments by the company(ies) hereunder and acceptance by the same by the Insured signify the agreement of the company(ies) to submit to and proceed with arbitration within Ninety (90) days of such payments. The arbitrators shall be three in number, one of whom shall be appointed by the Boiler and Machinery insurer and one of whom shall be appointed by the Property Company(ies) and the third appointed by the consent of the other two and the decision by the arbitrators shall be binding on the company(ies) and that judgment upon such award may be entered in any court of competent jurisdiction.
 - (4) The Insured agrees to cooperate in connection with such arbitration, but not to intervene therein.
 - (5) This provision shall not apply unless such other policy issued by the Boiler and Machinery insurance company(ies) is similarly endorsed.

- Acceptance by the Insured of sums paid pursuant to the provisions of this clause, including an arbitration award, shall not operate to alter, waive, surrender or in any way affect the rights of the Insured against any of the company(ies).
53. VALUES - The values declared to the Company at the inception of the policy are for premium development purposes only and shall not limit the coverage provided by this policy.
54. ALTERATIONS AND USE CLAUSE - Permission is granted to the insured to cease operations or for buildings to remain vacant and/or unoccupied without limit of time, for increased hazards and for any change in occupancy or use, and to make alterations, repairs and additions to any existing building and to construct and occupy new buildings/structures.
55. ASSISTANCE AND COOPERATION OF THE INSURED - The Insured shall cooperate with this Company and, upon this Company's request and expense, shall attend hearings and trials and shall assist in effecting settlements, in securing and giving evidence, in obtaining the attendance of witnesses, and in conducting suits.
56. SUE AND LABOR - In case of actual or imminent loss or damage by a peril insured against, it shall, without prejudice to this insurance, be lawful and necessary for the Insured, their factors, servants, or assigns to sue, labor, and travel for, in, and about the defense, the safeguard, and the recovery of the property or any part of the property insured hereunder; nor, in the event of loss or damage, shall the acts of the Insured or of this Company in recovering, saving, and preserving the insured property be considered a waiver or an acceptance of abandonment. This Company shall contribute to the expenses so incurred according to the rate and quantity of the sum herein insured.
57. REINSTATEMENT - With the exception of loss subject to annual aggregate limits as noted herein, no loss hereunder shall reduce the amount of this policy.
58. SUIT AGAINST THE COMPANY - No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless the Insured shall have fully complied with all the requirements of this policy. The Company agrees that any action or proceeding against it for recovery of any loss under this policy shall not be barred if commenced within the time prescribed therefor in the statutes of Texas.
59. CERTIFICATES OF INSURANCE - It is understood and agreed that Castle Properties is authorized to issue certificates of insurance naming additional insureds and/or loss payees and/or mortgagees and others for their respective rights and interests subject always to the terms, conditions, and limits of liability of this policy. The Company agrees to waive the issuance of formal Company endorsements in respect of such interests.

60. NOTIFICATION CLAUSE - All notices or communications concerning this policy shall be addressed to the offices of the Insured at 106 East Sixth Street, Ste. 300, Austin, TX 78701, to Castle Properties and to AmWINS Brokerage of Georgia, 3630 Peachtree Road NE, Suite 1700, Atlanta, GA 30326. All such notices shall be sent via registered mail.
61. CANCELLATION/NON RENEWAL - This policy may be canceled at any time at the request of the Insured or it may be canceled or non-renewed by the Company by mailing to the Insured and to the additional named insureds/loss payees indicated on the certificates of insurance issued during the term of this policy, written notice stating when, not less than ninety (90) days thereafter or ten (10) days in the event of non-payment of premium, such cancellation or non-renewal shall be effective. Unearned Premium shall be calculated on a pro-rata basis if the company cancels and on a short rate basis if the insured cancels. The mailing of notice as aforesaid shall be sufficient proof of notice and the effective date and hour of cancellation stated in the notice shall be come the end of the policy period. Delivery of such written notice either by the Insured or by the Company shall be equivalent to mailing. Cancellation shall not affect coverage on any shipment in transit on the date of cancellation. Coverage will continue in full force until such property is safely delivered and accepted at place of final destination.
62. WAIVER OF COMPANY CONDITIONS - The terms and conditions of this form and endorsements attached thereto are substituted for those of the preprinted policy and forms to which it is attached, all terms, conditions and endorsements of the latter being waived except those required by law.
63. TITLES OF PARAGRAPHS - The titles of the paragraphs of this form and of endorsements and supplemental contracts, if any, now or hereafter attached hereto are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.
64. MORTGAGE CLAUSE - As respects Real Property only, loss, if any, under this policy shall be payable to the mortgagee (or trustee) as its interest may appear under all present or future mortgages upon the property herein insured in which the aforesaid may have an interest as mortgagee (or trustee) in order or precedence of mortgages., and this insurance as to the interest of said mortgagee (or trustee) only therein, shall not be invalidated by any act or neglect of the mortgagor or owner of the insured property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title or ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy provided that, in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee (or trustee) shall, on demand, pay the same.

Provided also, that the mortgagee (or trustee) shall, notify the Company of any changes of ownership or occupancy or increase of hazard which shall come to the

knowledge of said mortgagee (or trustee) and unless permitted by this policy, it shall be noted thereon and the mortgagees or trustee) shall, on demand, pay the premium for such increased hazard for the term of the use thereof, otherwise this policy shall be null and void. The company reserves the right to cancel this policy at any time as provided by its terms, and in such case, this policy shall continue in force for the benefit only of the mortgagee (or trustee) for an additional thirty (30) days.

Whenever the Company shall pay the mortgagee (or trustee) any sum for loss under this policy and shall claim that, as to the mortgagor or owner, no liability therefore existed, the Company shall to the extent of such payment be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the mortgagee debt, or may at their option pay to the mortgagee (or trustee) the whole principal due or to grow on the mortgage, with interest accrued and shall thereupon receive a full assignment and transfer of the mortgage and all of such other securities, but no subrogation shall impair the right of the mortgagee (or trustee) to recover the full amount of said mortgagee's (or trustee's) claim.

65. JURISDICTION AND SUIT - It is hereby understood and agreed that in the event of the failure of the Insurer to pay an amount claimed to be due hereunder, the Insurer, at the request of the Insured, will submit to the jurisdiction of any court of competent jurisdiction within the United States and will comply with all requirements necessary to give such jurisdiction. All matters arising hereunder shall be determined in accordance with the law and practice of such court. In any suit instituted against it under this, the Insurer will abide by the final decision of such court or any appellate court in the event of an appeal.
66. POLLUTANT CLEAN UP AND REMOVAL - This policy is extended to cover the expense actually incurred by the Insured to decontaminate, clean up and/or remove pollutants from land, water or air including resultant time element loss if the release, discharge, or dispersal of the pollutants results from any loss or damage as covered herein. Such expenses shall not exceed \$500,000 in any one policy year.
67. LOCKS AND KEYS - This policy is extended to cover the cost the Insured pays for replacing locks to safes, alarms and doors following theft or loss of keys.

Castle Properties
Master Property Policy

Endorsement #1

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

Mold Exclusion

This policy shall insure any loss, damage or expense consisting of, caused by, contributed to, or aggravated by mold, moss, mildew, fungi, spores, bacterial infestation or any similar organism, wet or dry rot and extremes of temperature or humidity, whether directly or indirectly the result of a covered peril. This includes, but is not limited to, the cost for investigation, testing, remediation services, extra expense or business interruption. Such loss is subject to a \$5,000,000 per occurrence limit as respects Mold resulting from a covered peril as stated herein.

All Other terms and conditions remain unchanged.

Authorized Signature

Endorsement #2

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

EMERGENCY EVACUATION AND RELOCATION EXPENSE

This policy is extended to cover the reasonable vacating expenses incurred by the Insured when an authorized governmental agency or other similar authority orders the emergency evacuation of:

- a. Residents; tenants; or
- b. Lawful occupants;

From a covered location as a result of immediately impending direct physical loss or damage insured by this policy that threatens imminent physical danger or loss of life to such residents; tenants; or occupants.

No coverage is provided if the evacuation results from:

- 1) A planned evacuation drill;
- 2) Evacuation of any resident because of a medical condition(s);
- 3) A false alarm; or
- 4) Terrorism or immediately impending terrorism.

This coverage is subject to a \$50,000 per each location, per occurrence and in the annual aggregate.

This policy is extended to cover relocation expenses incurred by the Insured to relocate:

- a. residents, tenants or:
- b. lawful occupants;

To other quarters in the shortest possible time when space or living quarter(s) at a covered location are made uninhabitable as a result of direct physical loss or damage insured by this policy.

Coverage is provided for the reasonable and necessary expense of:

- a.) packing, sorting, and transportation cost of personal property
- b.) re-establishing new utility services, less refunds from discontinued services at the damaged location.

This coverage is subject to a \$50,000 per each location, per occurrence and in the annual aggregate.

We will pay expenses incurred by you for covered move-back costs of tenants who temporarily vacate a portion of a covered building property at the premises described in this policy. The vacancy must have occurred while the portion of the building property rented by the tenant could not be occupied due to direct physical loss or damage to your covered property caused by or resulting from any covers cause of loss during the policy period. The move back must take place within 60 days after the portion of the covered building property rented by the tenant has been repaired or rebuilt and is ready for occupancy. We will pay the covered move-back costs whether or not the tenant (s) move back before the expiration date of this policy.

Covered Move-Back Costs means documented, reasonable, and necessary:

- a) Costs of packing, insuring and carting business personal property;\
- b) Costs of reestablishing electric utility services, les refunds from discontinued services;\
- c) Costs of assembling and setting up fixtures and equipment; and
- d) Costs to unpack and reshelve stock and supplies.

Covered Move-Back Costs does not include:

- a.) Loss caused by the termination of a lease or other agreement; or Security deposits or other payments, forfeitures or penalties made to the landlord or lessor of other premises.

This coverage is subject to a \$50,000 per each location, per occurrence and in the annual aggregate.

Endorsement #3

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

Nuclear, Chemical And Biological Exclusion

We will not pay for loss or damage caused directly or indirectly by:

A. nuclear detonation, reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by, any physical loss or damage insured against by this Policy or Coverage Part, however such nuclear detonation, reaction, nuclear radiation or radioactive contamination may have been caused. This exclusion replaces any other nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination exclusions found elsewhere in this Policy.

B. the possession, use, dispersal, application or release of, or exposure to, chemical or biological materials or agents, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by, any physical loss or damage insured against by this Policy or Coverage Part, however such possession, use, dispersal, application, release or exposure may have been caused.

Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Endorsement #4

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

Hurricane Minimum Earned Premium Provision

| 1 Year Policy Days Policy In Force | Unearned Factor |
|---------------------------------------|-----------------|
| 1 to 180 | 20% |
| 181 to 210 | 15% |
| 211 to 240 | 10% |
| 241 to 270 | 7.5% |
| 271 to 300 | 5.0% |
| 301 to 330 | 2.5% |
| 331 to 365 | 0.0% |

The following terms and conditions will apply to this policy:

1. If the Insured cancels this policy, removes a location or reduces the amount of insurance on a location that is within 100 miles of the Atlantic Ocean and/or the Gulf of Mexico and/or the Hawaii Islands, and coverage existed any time during the period of June 1st to November 30th, the amount of premium the Company will return will be the Unearned Premium for the location. The Unearned Premium is the annual premium for the policy (or for the location removed or coverage reduced, as applicable) multiplied by the Unearned Factor noted below. The location premium is the 100% annual rate multiplied by the location value as scheduled in the most current Statement of Values on file with the Company.
2. If a Location that is within 100 miles of the Atlantic Ocean and/or the Gulf of Mexico and/or the Hawaii Islands is added during the term of the policy and coverage exists any time during the period of June 1st to November 30th, the rate will be calculated as 100% of the annual rate, less the Unearned Factor as calculated in No. 1 above based upon the number of days remaining in the policy term.
3. The provisions of this Hurricane Minimum Earned Premium Provision replace any short rate provisions stipulated in this policy for all locations that are within 100 miles of the Atlantic Ocean and/or the Gulf of Mexico and/or the Hawaii Islands and coverage existed any time during the period of June 1st to November 30th.

Endorsement #5

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

Occurrence Limit of Liability Endorsement

Occurrence Limit of Liability

It is understood and agreed that the following special terms and conditions apply to this quotation:

1. The limit of liability of Insurance shown herein or endorsed onto this quotation, is the total Program Limit of Liability applicable to each occurrence in respect to all individual insureds or members combined. Notwithstanding any other terms and conditions of this quote to the contrary, in no event shall the liability of the Company exceed our proportionate program share of this limit or amount irrespective of the number of locations, individual insured's or members involved. Limits of liability are not on a per individual Insured or per member basis but rather apply regardless of the number of locations, individual Insured's or members involved.

The term "occurrence" shall mean any one loss, disaster, casualty or series of losses, disasters, or casualties, arising out of one event except as specified elsewhere in the policy with regards to flood or earthquake coverage. When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, hail, volcanic eruption, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, you may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than the first loss to the covered property occurs and must commence within the policy term.

2. The premium for this quotation is based upon the Statement of Values on file with us, or attached to this quotation. In the event of loss hereunder, the total Program Limit of Liability, subject to the terms of paragraph one (1) above, shall be limited to the least of the following:

- a. The actual adjusted amount of loss, less applicable deductible(s),
- b. 110% of the total stated value for the property involved, as shown on the latest Statement of Values on file with us, less applicable deductible(s),
- c. The limit of Liability or Limit of Insurance shown on the face of this Policy or endorsed onto this Policy.

Castle Properties
Master Property Policy

Endorsement #6

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

This endorsement effective 12:01 a.m., March 1, 2015 forms a part of the Castle Properties Master Property Policy:

Aluminum Wiring Warranty

It is understood and agreed that the following special terms and conditions apply to this policy:

Coverage for losses caused by un-pigtailed or un-Co/Alred wall switches and receptacles is excluded hereon”

All Other terms and conditions remain unchanged.

Endorsement #7

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

This endorsement effective 12:01 a.m., March 1, 2015 forms a part of the Castle Properties Master Property Policy:

“The following is added under CANCELLATION section of this policy:

CANCELLATION OF AN INSURED LOCATION

The Underwriters or Castle Properties may cancel coverage under this policy for a specific insured location by delivering to the location owner or manager mailing address or by mailing to the insured location, by registered, certified or other first class mail, written notice stating when, not less than 30 days, (10 days for non-payment of premium) thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and this insurance for the specified insured location shall terminate at the date and hour specified in such notice.”

Endorsement #8

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

This endorsement effective 12:01 a.m., March 1, 2015 forms a part of the Castle Properties Master Property Policy:

Cosmetic Loss Exclusion – State of Texas

The following is added to Section 10.

G). We do not cover cosmetic loss or damage to roof coverings caused by the peril of hail for loss or damage to locations in the Entire State of Texas.

Cosmetic loss or damage means only that damage that alters the physical appearance of the roof covering but does not result in damage that allows penetration of water through the roof covering or does not result in the failure of the roof covering to perform its intended function of preventing water from entering the building during the anticipated useful life of the roof covering.

We do cover hail damage to roof coverings that will allow the penetration of water through the roof covering or that results in the failure of the roof covering to perform its intended function of preventing water from entering the building during the anticipated useful life of the roof covering. Roof covering means the roof material exposed to the weather

All Other terms and conditions remain unchanged.

Endorsement #9

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

This endorsement effective 12:01 a.m., March 1, 2015 forms a part of the Castle Properties Master Property Policy:

War Risk Exclusion

We will not pay for loss or damage caused directly or indirectly by:

1. hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack:
 - a. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or
 - b. by military, naval or air forces; or
 - c. by an agent of any such government, power, authority or forces; it being understood that any discharge, "Explosion" or use of any weapon of war employing nuclear fission or fusion shall be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces;

2. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an "Occurrence". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Endorsement #10

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

This endorsement effective 12:01 a.m., March 1, 2015 forms a part of the Castle Properties Master Property Policy:

Special Terms and Conditions for Roofs, Roofing Systems or Roof Coverings

Notwithstanding any provision in this Policy or any endorsement thereto to the contrary, insurance provided under this Policy is hereby amended in the following particulars:

In the event of direct physical loss or damage to any and all roofs, roof coverings, or roofing systems as insured against by this Policy as Covered Property, the Policy provisions are hereby superseded by the following:

In the event of direct physical loss or damage caused by or resulting from wind or hail, the following terms and conditions will apply to all roofs, roof systems and roof coverings.

A. Valuation

1. Actual Cash Value

a. Roofs, roof coverings or roofing systems shall be valued at Actual Cash Value, as defined in this endorsement, at the time and place of loss or damage.

2. Optional Coverage - Replacement Cost

a. Replacement Cost (as defined in this endorsement) replaces Actual Cash Value in the Valuation condition of this endorsement for roofs, roof coverings or roofing systems which are of fifteen (15) years or less in age, but only in the event that we have been provided with historical documentation which verifies and confirms the age of the roofs, roof coverings and roofing systems involved in the loss to be eligible in accordance with this Optional Coverage – Replacement Cost provision.

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 for the additional coverage this Optional Coverage – Replacement Cost provides 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.

d. We will not pay more for loss or damage on a Replacement Cost basis than the least of i, ii or iii, subject to e. below:

- i. The Limit of Insurance applicable to the lost or damaged property;
 - ii. The cost to replace the lost or damaged property with other property:
 - (a). Of comparable material and quality; and
 - (b). Used for the same purpose; or
 - iii. The amount actually spent that is necessary to repair or replace the lost or damaged property.
- e. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

Castle Properties
Master Property Policy

B. Exclusions

1. Types of Loss or Damage

We will not pay for the following types of loss or damage:

- a. Cosmetic Damage or other damage that does not reduce the functionality of the roof, roof covering or roofing system.
- b. Aesthetic or visual damage.
- c. Uniformity or matching.

2. Ordinance Or Law

We will not pay for any increased cost of construction loss or any increased costs incurred to comply with the enforcement of any ordinance or law which may arise in the course of repairing, rebuilding or replacement of damaged roofs, roof coverings or roofing systems. Notwithstanding the foregoing, in the event such lost or damaged roof, roof covering or roofing system is Covered Property and is eligible to be valued at Replacement Cost as outlined in A.2. above, we will pay for the increased cost of construction loss or the necessary increased costs incurred to comply with the enforcement of any ordinance or law which may arise in the course of repairing, rebuilding or replacement of such roof, roof covering or roofing system in accordance with the terms and conditions of the Increased Cost of Construction provision of this Policy, subject to the limit(s) of liability provided in the Building or Personal Property Coverage Form or the Ordinance or Law Coverage Endorsement (if attached to this policy), whichever is greater.

This Ordinance Or Law provision shall not cover any loss due to any law or ordinance with which you were required to comply with prior to the loss, nor shall this provision increase any amounts or limits of insurance provided by this Policy.

All other policy provisions relating to coverage for increased cost of construction due to enforcement of law or ordinance will remain unchanged

3. Undamaged Property

- a. We will not pay for repair or replacement of undamaged property.

4. Property Not Covered

For the purposes of this endorsement, Covered Property does not include:

- b. Roofs, roof coverings, or roofing systems with loss or direct physical damage that was the subject of prior insurance claims, under this Policy or any other policy with any insurer, which has not been repaired or replaced in a manner consistent with the settlement of that claim.

C. Definitions

The following definitions are applicable to the terms and conditions of this endorsement.

1. "Actual Cash Value" means the Replacement Cost less deduction for Depreciation. The valuation of Covered Property on an Actual Cash Value basis, in accordance with the provisions of this endorsement and the Policy to which this endorsement hereby attaches thereto, shall apply whether or not such property has sustained partial or total loss or damage.

2. "Depreciation" as used in this endorsement means the decrease in value of the insured roofs, roofing systems and roof coverings over a period of time due to actual physical wear and tear from use, and deterioration over time.

3. "Replacement Cost" means the cost to replace the damaged covered property with new of like kind, quality and construction including all charges, taxes and fees.

Castle Properties
Master Property Policy

Endorsement #11

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

This endorsement effective 12:01 a.m., March 1, 2015 forms a part of the Castle Properties Master Property Policy:

**ECONOMIC OR TRADE SANCTIONS OR UNITED NATIONS RESOLUTIONS
ENDORSEMENT**

The following is hereby added to the Policy:

The Company will not be deemed to have provided coverage and will not be liable to pay any claim or provide any benefit to the extent that payment of such claim or provision of such benefit would expose the Company to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of any jurisdiction applicable to the Company.

Endorsement #12

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

This endorsement effective 12:01 a.m., March 1, 2015 forms a part of the Castle Properties Master Property Policy:

ELECTRONIC DATE RECOGNITION EXCLUSION (EDRE)

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- (a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- (b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

All Other terms and conditions remain unchanged.

Endorsement #13

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

This endorsement effective 12:01 a.m., March 1, 2015 forms a part of the Castle Properties Master Property Policy:

ELECTRONIC DATA ENDORSEMENT B

1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (a) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (b) However, in the event that a peril listed below results from any of the matters described in paragraph (a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils

Fire
Explosion

2. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

Endorsement #14

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

This endorsement effective 12:01 a.m., March 1, 2016 forms a part of the Castle Properties Master Property Policy:

Location Definition

This endorsement modifies the policy identified above and is subject to all definitions in that policy.

Location

1. As specified in the schedule of locations;
2. If not so specified in the schedule of locations: a location is a buildings(s) bounded on all sides by public streets, clear land space or open waterways, each not less than fifty feet wide
3. A site or tract of land occupied or available for occupancy with tangible property; or
4. If the Insured is a tenant, those portions of the building not rented or intended to be rented by the insured or others

All other terms and conditions of this policy remain unchanged.

Castle Properties
Master Property Policy

Endorsement #15

Insured: Castle Properties
Effective Date: March 1, 2017 to March 1, 2018

This endorsement effective 12:01 a.m., March 1, 2016 forms a part of the Castle Properties Master Property Policy:

Special Wind / Hail Exclusion

This policy excludes all Named Wind and wind / hail at locations identified in the latest statement of values on file with Castle Properties and Carrier.

All other terms and conditions of this policy remain unchanged.