REInsurePro®

Program Information

Table of Contents

Introduction 3
What Fits in the Program 4
Working with REInsurePro 5
- Occupancy Status
- Monthly Reporting Form
- Our Billing Process

Property Coverage 8
- Coverage Options
- Standard Property Exclusions

Understanding Your Property Coverage 10
- Valuation Methods
- Property Deductibles

Liability Insurance 11
- Coverage Exclusions

Optional Ancillary Products 12
- Tenant Protector Plan
- Earth Movement
- Equipment Breakdown
- Flood
- Property Management Errors and Omissions
- Service Lines
- Terrorism and Political Violence

REInsurePro is a specialized Insurance Program developed specifically for residential real estate investment properties and portfolios. Our comprehensive solutions can accommodate tenant-occupied, vacant, renovation, and new construction properties. With the ability to house all your locations on one monthly schedule, referred to as the "monthly reporting form," you can seamlessly add, change, and delete properties. Our monthly reporting form allows you to only pay for the months in which you need coverage with no minimum-earned premiums or long-term commitments. Your agent can tailor a policy that is specific to your investment strategy.

Why Work with REInsurePro

- Coverage for **vacant, renovation, new construction, and tenant-occupied** properties.
- **Pay-as-you-go monthly** with no minimum earned premiums or long-term commitments.
- Include all of your 1 to 20-unit properties **on one schedule.**
- Insure multiple **Trusts, IRAs, LLCs, and corporations** under one schedule.
- Coverage available across the country.
- No coinsurance penalty (properties must be insured at or above $75/sq ft).
- Replacement Cost (RC) coverage is provided to locations insured at or above $120 per square foot (some carriers require a higher minimum).
- Special Form coverage is available.
- Underwritten by AM Best "A-" rated or better insurers. The AM Best rating system evaluates the financial strength and stability of insurance companies based on factors such as their ability to meet ongoing insurance obligations, financial performance, and operational strength.
- Ordinance or Law coverage available upon request.
- Tenant Protector Plan – our alternative to Renters Insurance.
- Liability-only coverage available.
- A suite of ancillary products available to customize your insurance package with coverages that meet your unique needs.
- Policies meet or exceed all lending requirements.

What Fits in the Program

Single-Family
- Single-Family home that is tenant-occupied, vacant, or under renovation.

Multi-Family (up to 20 units)
- Dwelling or complex with two or more units that are tenant-occupied, vacant, or under renovation.

Vacant Property
- Property in between tenants or on the market to sell.

Renovation
- Dwelling, condo, or mobile home being renovated.

New Construction
- Ground-up construction of entirely new structure.

Vacation Rental
- Furnished property or condo rented out on a short-term basis.

Condo (individual unit)
- Walls-in coverage on an individually owned unit in any stage of occupancy.

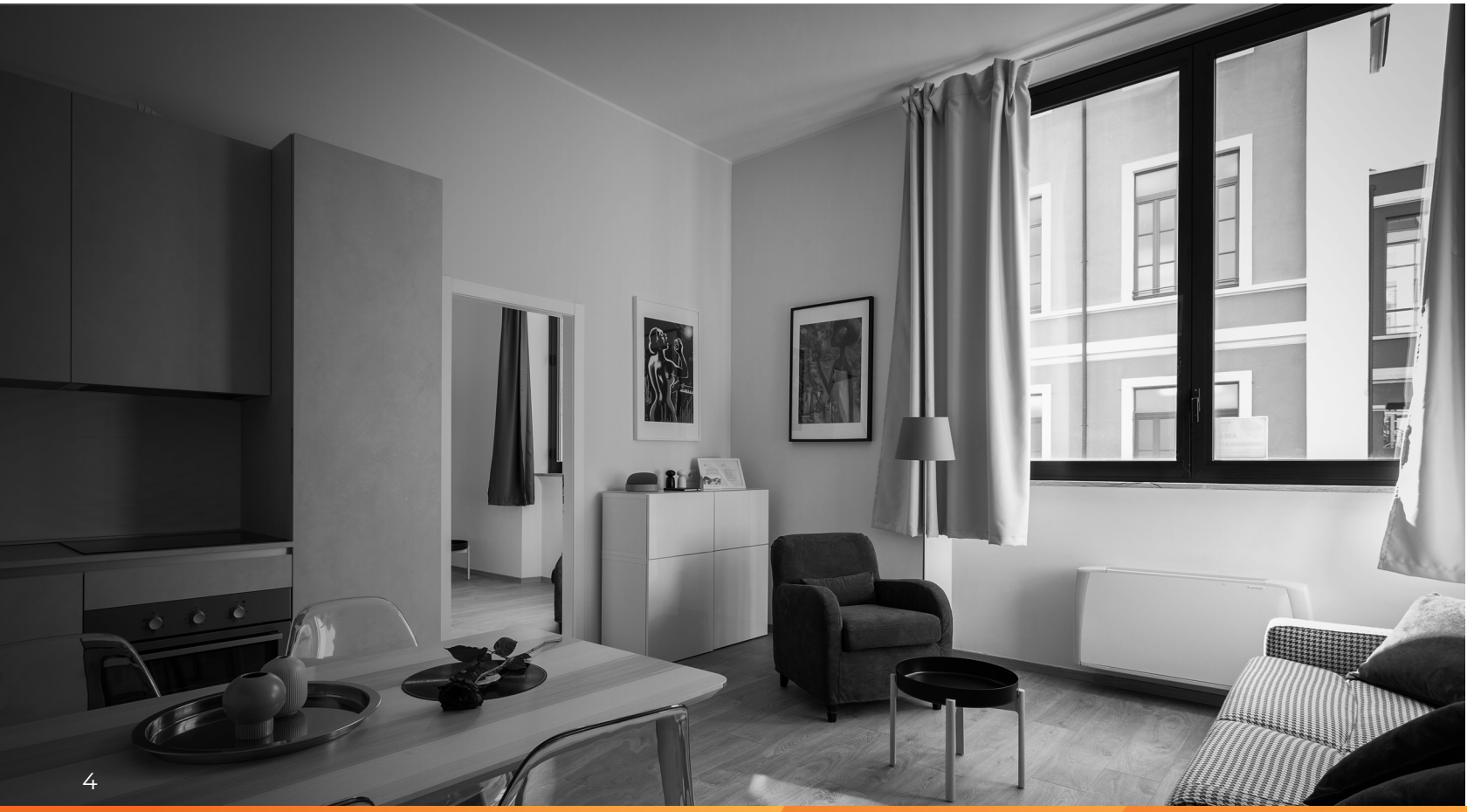
Mobile Home
- Tenant-occupied or vacant manufactured, modular or mobile dwelling.

Vacant Land
- Standalone liability coverage for a parcel of land with no structure.

Non-Performing Notes
- A loan purchased from a borrower behind on or not making payments.

Lender-Placed Insurance
- Protects the lender's interest when the borrower's insurance has lapsed or is insufficient.

Creative Investing Strategies
- REInsurePro recognizes and understands the proper way to insure all kinds of creative investing strategies and transactions, including, but not limited to: Non-Performing Notes, Contracts for Deed, Subject-To, and Properties owned by IRAs, Trusts, LLCs, etc.



Working with REInsurePro

Occupancy Status

Reporting occupancy status changes to your REInsurePro agent is **very important** in maintaining proper coverage at all times. Most importantly, occupancy status must be accurate at the time of loss. In our Program, there are four occupancy types:

- **Occupied**
  Property currently occupied by a tenant or that will be occupied by tenants within 60 days. If a property has been vacant for more than 60 days, but has been reported as occupied, coverage may be diminished.

- **Renovation**
  Currently undergoing cosmetic renovation or within 60 days after completion. Claims on these properties are settled on invested capital at the time of loss.

- **Vacant**
  Not undergoing renovation and not occupied. Frequently, these are properties on the market for sale after rehab is complete and the 60-day post renovation period has passed. Vacant properties must be locked and secured at all times. Failure to do so may affect your coverage in the event of a loss.

- **New Construction**
  A property being built from the ground up, or undergoing major structural renovations (adding square footage, reconfiguring the foundation, or removing load-bearing walls). Properties under this status are placed on a Builder's Risk policy.

Monthly Reporting Form

A monthly reporting form is an insurance methodology which allows our clients to make changes to their coverage monthly. Clients only pay for each month of coverage that is needed, with no minimum-earned premiums or annual contracts.

You will receive two automated emails per billing cycle: a Monthly Inventory Report 10 days before the autopay date and a final invoice one day before autopay runs. It is important to review your statement each month and report any changes to your REInsurePro agent, such as: newly acquired properties to add, sold properties to remove, changes to property value, and/or occupancy status.

Our Billing Process & Options

As a monthly reporter, all coverages within the REInsurePro Program are month-to-month. This design empowers you to make changes to your coverage at any time without having to pay minimum-earned premiums. We offer several different billing options to best fit you and your agent's needs. *Please note, when you sign the Program Participation Agreement, you acknowledge the possibility of changes to rates and/or coverages at any time due to carrier requirements or other factors.*

Payment is required at the time of bind for any new locations.

Working with REInsurePro Cont.

Monthly Bill
Upon binding, you provide a credit card or ACH account to be charged for the account setup fee and the first month of coverage. Each subsequent month on the account's autopay date, your payment method will be charged for that month's coverage plus any associated fees. The autopay date is determined by the effective date of your account's first bound location. If that effective date falls between the 1st and the 15th, your payment will run on that date each month. If the effective date falls between the 16th and the end of the month, your payment will run on the 15th of each month.

If a rate increase due to coverage changes/carrier requirements is effective prior to that month's autopay date, the primary payment method on file will run for the new amount in the current month's billing cycle. If the effective date falls after that month's autopay date, the difference plus the new rate will be charged in the following month's billing cycle.

Paid in Full Insured Pay
You provide a credit card or ACH account to be charged for the first 12 months' worth of premium. REInsurePro holds the premium funds obtained in an account and the monthly balance due will be applied to your account each month. If premium changes occur during the policy term, the new monthly amount will continue to be withdrawn from the remaining prepaid funds. Once those funds are depleted, the monthly amount due will be charged to the payment method on file until the next annual payment is due.

Should coverage be canceled with remaining funds on file, the original payment method will be issued a refund for unused funds. Some exceptions may apply.

With the monthly and paid in full options listed above, your agent may choose to cover some or all costs up front and bill those expenses back to you.

Escrow Billed
When coverage is bound on a property paid through a lender, the first month's costs (including monthly premium, account setup, and other applicable taxes and fees) will be drafted from the payment method on file (this may be yours or your agency's), and an invoice will be issued to the lender. Once payment from the lender is received and applied, the first month's cost will be refunded to the payment method used.

When funds are 60 days from depletion, the lender will be invoiced again. To prevent cancellation for non-payment of premium, you must have a backup payment method on file in the event funds are depleted prior to receiving the next escrow payment or the payment is not received in time.

Should coverage be canceled with remaining funds on file, the original payment method will be issued a refund for unused funds. Some exceptions may apply.

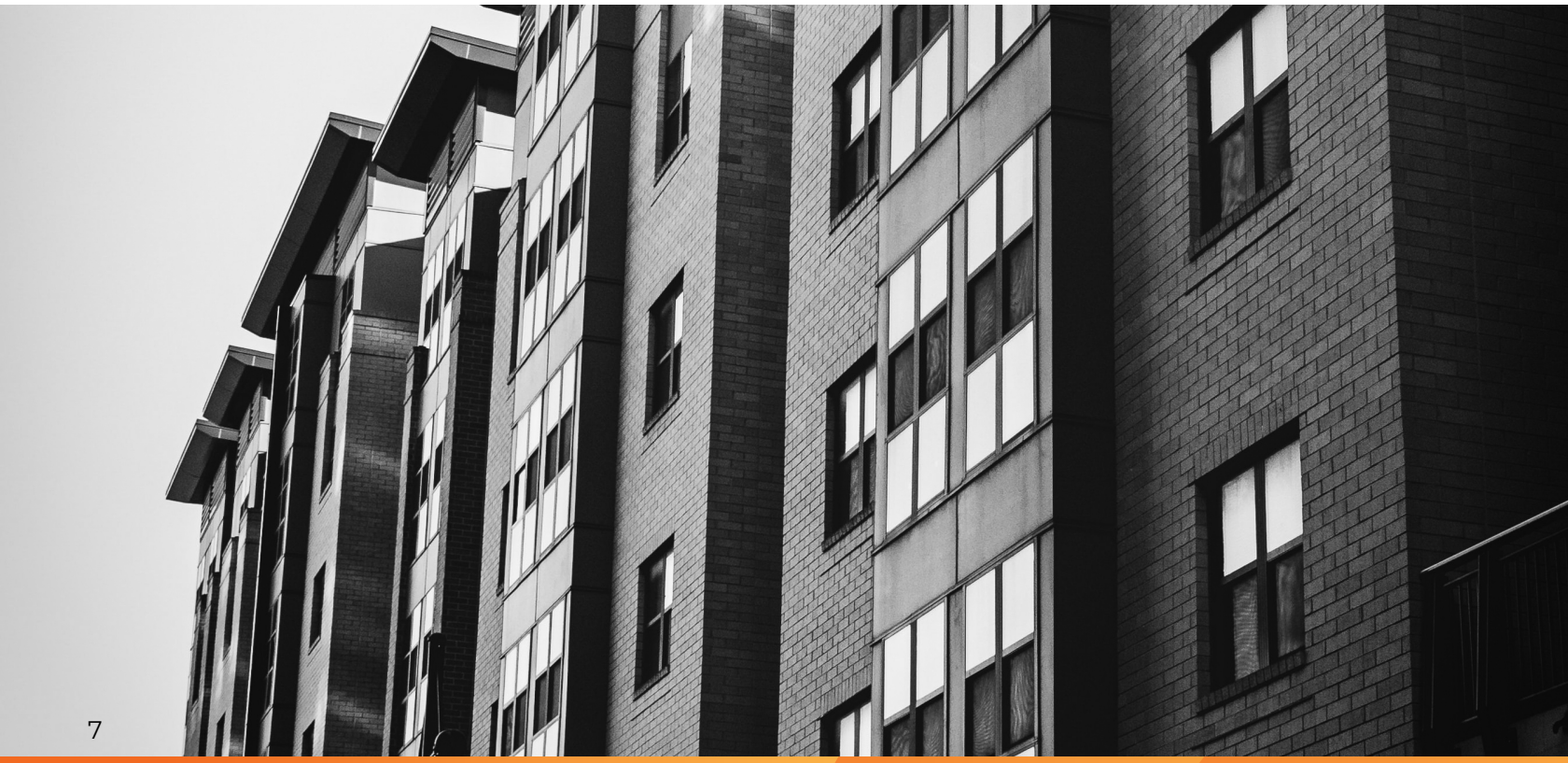
REInsurePro does not prorate to the day. Regardless of the number of days in a given month you had coverage, the full premium amount for that month is due. While we provide annual billing options, coverage is month-to-month. Locations in our Program are not on an annual policy or contract.

Working with REInsurePro Cont.

Reinstating Coverage
Once coverage is canceled, any request to reinstate coverage will result in a lapse in coverage and will start with a new effective date. Coverage cannot be backdated to the cancellation date.

Monthly Inventory Report
Each month before your autopay date, your agent will receive your monthly invoice, which outlines all the covered locations on your account, their related coverages, and associated monthly costs for the current month. You are responsible for reporting any changes to your agent as soon as possible. These changes might include a vacant location that has become occupied by a tenant, or a renovation that has been completed, with the property on the market for sale, changing the occupancy status and increasing the insured value. Even if your location is escrowed or pre-paid, your agent will still receive and should review your monthly invoice.

Cancellations
If payment fails on your selected autopay date, we will reattempt once more in the following days. If payment fails once again, you, your agent (and your lender, if applicable), will receive a 10-day Notice of Intent to Cancel by email. If your payment is not received within 10 days of this notice, your coverage is canceled. If you make a payment to bring your account current within that 10-day window, you will receive a letter rescinding your cancellation and there will be no lapse in coverage.



Property Coverage

When selecting property insurance coverage with REInsurePro, consider a choice of two levels of coverage: **Basic and Special.**

Special Form Coverage* is the most comprehensive and in turn, the more expensive form an investor can purchase. Unless there are specific exclusions listed within the policy, coverage is afforded to you in the event of a loss. The burden is on the insurance carrier to prove the cause of loss is a specifically excluded peril.

Basic Form Coverage is a "Named Peril" coverage, meaning that following a loss, the burden of proof falls on the insured to prove to the insurance company that the loss in question was caused by an included peril. Basic Form is a cheaper option but offers coverage only for the perils that are specifically listed within the policy.

Cause of Loss	Basic	Special
Fire	☑	☑
Lightning	☑	☑
Explosion	☑	☑
Windstorm and Hail	☑	☑
Smoke	☑	☑
Aircraft and Vehicles	☑	☑
Riot or Civil Commotion	☑	☑
Volcanic Action	☑	☑
Sprinkler Leakage	☑	☑
Vandalism / Malicious Mischief (*subject to sublimit of $30,000)	☑	☑
Falling Objects		☑
Weight of Snow, Ice or Sleet		☑
Water Damage		☑
Collapse – Additional Coverage		☑
Theft		☑
Risk of Direct Physical Loss (*subject to policy exclusions)		☑

**Mobile homes are not eligible for Special Form coverage.*

Property Coverage Options Cont.

You can further customize your property policy with the following options:

Other Structures
You may choose to have an included sublimit that extends coverage to detached garages, barns, or sheds that may be present at the property. If one of these structures on the property is occupied or intended to be occupied, it needs to be insured as a separate property.

Loss of Rents
Loss of Rents coverage provides reimbursement for rental income lost due to a covered peril that has rendered the home uninhabitable while damage is repaired. This coverage is paid monthly until the renovations are complete. Up to the full 12 months of this coverage is available if requested or required by your lender.

Business Personal Property Coverage
If you partially or fully furnished your rental units (traditional rentals or seasonal), you can purchase Business Personal Property Coverage that extends your coverage to owned assets on the premises.

Named Windstorm
By policy definition, a Named Storm is any Storm, Cyclone, Typhoon, Atmospheric Disturbance, Depression, Hurricane, Tropical Storm or other Weather Phenomena designated by the US National Hurricane Center and where a name has been applied. This coverage is included on eligible locations unless you request to have it removed.
Mobile homes are not eligible for Named Windstorm coverage.

Ordinance or Law
Often referred to as "bring up to code" coverage, this coverage offers additional reimbursement needed due to enforcement of local ordinances or laws regulating the construction and repair of damaged buildings. Imagine you have a partial loss on two units of a fourplex, but the county inspection determines the building does not have hard-wired smoke detectors to meet current code, requiring updates to all four units. Ordinance or Law coverage can step in to help cover these updates to the undamaged portion of the building, expenses if the entire building needs to be demolished, and/or increased cost of construction if the property limit is not sufficient to meet code standards. Whether required by your lender or you're just wanting additional protection, Ordinance or Law can be added to your coverage package.

Standard Property Exclusions

Special Form coverage protects property against any source of loss that is not specifically excluded. Standard exclusions are below. Some of these exclusions can be purchased as an endorsement or supplemental policy and others cannot. Causes of loss that are not covered on most policies are:

- **Mold and Fungus** – Some of our program policies include limited mold coverage up to $15,000.
- **Wear and Tear** – Almost never covered by insurance.
- **Sewer and Drain Backup** – Limited coverage can be purchased separately via our Tenant Protector Plan®.
- **Earth Movement** (earthquake and sinkhole) – This can be purchased separately.
- **Flood** – This can be purchased separately.
- **Intentional Tenant Damage** – Rarely covered by insurance.

Understanding Your Property Coverage

Valuation Methods

When selecting property insurance coverage with REInsurePro, consider a choice of two loss settlement methods: **Actual Cash Value and Replacement Cost.**

Actual Cash Value (ACV)

Actual Cash Value (ACV) claim settlements are calculated with a deduction for depreciation and the location deductible. Depreciation is a reduction in value of the damaged property based on age, condition, and useful life expectancy. In a covered loss situation, you will only receive one check reflecting this adjusted value amount. You cannot earn back depreciation with this coverage.

Replacement Cost (RC)

Replacement Cost (RC) coverage requires you to insure your property at a higher valuation per square foot but provides you with the ability to recover applicable depreciation initially withheld on a covered loss. Once the Actual Cash valuation payout has been exhausted, the depreciated amount initially withheld can be recouped through receipts and proof of completed work up to your insured value. Replacement Cost coverage can be obtained by insuring locations at or above $120 per square foot (mobile homes are not eligible for Replacement Cost coverage). This value is not a guarantee and should not be confused with the reconstruction cost of a property.

The REInsurePro Program requires locations to be insured to $75 per square foot or more to avoid a coinsurance penalty. Coinsurance is a property insurance provision that can reduce the amount you may be able to recover in the event of a loss if your property is underinsured.

Property Deductibles

Your deductible is the amount you are responsible for in the event of a loss before your insurance company starts to pay a claim. The higher the deductible, the lower your premium costs. REInsurePro has **$2,500, $5,000, $10,000, and $25,000** deductible options.

The deductibles listed above refer to your assigned "AOP" (All Other Perils) Property Deductible. Some causes of loss have a separate deductible from the AOP. These include Wind/Hail and Named Windstorm — typically a percentage of your Total Insured Value per location, or equal to your AOP deductible (whichever is greater), and Theft and Vandalism/Malicious Mischief.

Liability Insurance

Premises Liability is insurance for a landowner and covers events that occur on the real property, specifically bodily injury and property damage to a third party. Hazardous conditions that may cause bodily injury include uneven pavement, uncleared snow, icy walkways, unsecured railings and loose deck boards, etc. The property damage portion of this coverage may also protect you if you are responsible for damaging another's property.

Premises Liability coverage is included on all property proposals unless purchasing a standalone ancillary coverage. The following Premises Liability limits are available:

- $1,000,000 per occurrence/$2,000,000 annual aggregate
- $1,000,000 per occurrence/$5,000,000 annual aggregate
- $2,000,000 per occurrence/$5,000,000 annual aggregate

Limited coverage for bodily injury by canines is included ($25,000 or $50,000).

Coverage for carbon monoxide is included.

Liability-only coverage is available upon request for investment properties, vacant parcels, and areas of undeveloped land.

Coverage Exclusions

- **Products and Completed Operations** – Coverage is excluded for liability incurred by a contractor for property damage or injuries to a third party once contracted operations have ceased or been abandoned.
- **Faulty Construction** – Coverage is excluded for errors in construction. It is advisable that you or your contractor carry coverage for such instances of liability.
- **Workers' Compensation** – Coverage is excluded for employees or contractors injured on the premises. If you have employees, we advise that you carry this coverage for medical benefits and wage replacement.
- **Errors and Omissions Insurance (E&O)** – Protects companies, their workers, and individuals against claims made by clients for inadequate work or negligent actions.
- **Directors and Officers (D&O)** – Covers defense costs and damages (awards and settlements) arising out of wrongful act allegations and lawsuits brought against an organization's board of directors and/or officers.
- **Employment Practices Liability Insurance (EPLI)** – Provides coverage to employers against claims made by employees alleging discrimination (based on sex, race, age, or disability, for example), wrongful termination, harassment and other employment-related issues, such as failure to promote.
- **Damage to Premises Rented to You** – Provides coverage for you as a business owner renting office space.
- **Personal and Advertising Injury** – Protection from liability arising from "personal and advertising injury." Examples include slander, libel, discrimination, wrongful eviction, etc.

If Professional Liability coverages are needed, please contact your agent. Please see full policy for details when it comes to coverage exclusions.

Optional Ancillary Products

The options below are available to you in our Program as separate policies on the same schedule. If purchased, the additional cost will be reflected on your monthly invoice. These ancillary products are available as standalone coverages as well.

Tenant Protector Plan®

The Tenant Protector Plan® (TPP) provides landlords with added protection against tenant-caused losses, without the hassle of tracking down proof of renters insurance. Beyond convenience, TPP can also help minimize the frequency of claims and support a cleaner loss history, both of which can contribute to maintaining more favorable insurance terms over time. TPP works in excess of any renters insurance in place.

The Tenant Protector Plan® is available in two options: TPP, the full coverage plan that includes Tenant Liability, Sewer & Drain Backup, Contents, and Skip Rent; and TPPx, which provides Tenant Liability coverage only.

The TPPx Includes:

- A $100,000 Limit of Liability for tenant-caused negligent losses (approximately 60% of property claims). This shifts the responsibility of the settlement to the appropriate party and stabilizes your property rates long term by preventing your carrier from being fully responsible for controllable losses that are no fault of your own. Covered causes of loss include Fire, Explosion, and Smoke. Short-term rentals are not eligible for TPPx.

The TPP Includes:

- Choice of $60,000 or $100,000 Limit of Liability for tenant-caused negligent losses (approximately 60% of property claims). This passes the responsibility of the settlement to the appropriate party and stabilizes your property rate long-term by preventing your property carrier from being fully responsible for controllable losses that are no fault of your own. Covered causes of loss include Fire, Explosion, and Smoke.
  Subject to a $500 deductible.

- $10,000 coverage limit for Sewer & Drain Backup* for damage to the property caused by a clogged sewer line, failed sump pump, or backed-up drain that forces water into the home.
  Subject to a $500 deductible.
  **Only covers water damage to property, does not cover damage to service lines (which can be purchased on our Service Lines policy)*

- $10,000 of Contents coverage that is paid to your tenant at the time of loss to replace their lost belongings. Keep in mind, if your tenant does not carry their own coverage and a property loss happens, their belongings are a total loss.
  Subject to a $500 deductible.

- $2,500 sublimit of coverage provided for tenants of non-negligent affected units (maximum of $7,500 per occurrence). Additional tenants in a multi-family building are often faced with property damage from a fire or water loss in an adjoining unit. This coverage helps you lessen the burden of lost contents to those additional tenants.

- $1,000 per residence premises for Lost Rents due to skip or eviction. Protect yourself from unexpected vacancies with this exclusive coverage.

Optional Ancillary Products Cont.

Earth Movement

This policy provides protection from Sinkhole and Earthquake Shock perils often excluded on property insurance for your real estate investment properties. Coverages include:

- Sinkhole: Damage caused by depressions in the surface of the ground caused by the settlement or sudden collapse of the land.
- Earthquake Shock: Damage caused by a sudden and violent shaking of the ground resulting from movement of the earth's crust. Coverage does not extend to damage caused by mudslide, lava flow, or flood that may have been triggered by the earthquake.

Deductible of 10% of the Total Insured Value (TIV) per location, subject to a $2,500 minimum.

Excluded in Alaska, California, Florida, Hawaii, and Illinois.

Equipment Breakdown

Our Equipment Breakdown coverage extends your property coverage to damage caused by the mechanical or electrical failure of many types of equipment at your property such as heating, cooling and refrigeration, electrical panels, and emergency generators.

Flood

Regardless of the flood zone, your property is always at risk of flooding. Unlike most flood policies that require full annual payment up front, REInsurePro allows clients to pay monthly. In addition, all waiting periods will be waived on REInsurePro's private flood option.

Property Management Errors & Omissions

If you self-manage your properties without the assistance of a professional Property Manager or hired individual, you could be at risk of liability claims while performing management duties. These activities may include filling vacancies, setting and collecting rent, property maintenance, resolving tenant complaints, and lease enforcement. This coverage provides a $1,000,000 limit of liability along with a $25,000 sublimit for tenant discrimination.

Service Lines

Service Line coverage extends to repair or replacement of damaged underground piping or wiring providing service from the main line to the house (such as water, sewer, communications, electrical, etc.). Covered perils include wear and tear, corrosion, weight of equipment or vehicles, freezing, vermin, and tree or root invasion. Coverage is available in limits of $10,000 or $15,000 and includes excavation costs and replacement of damaged outdoor property such as trees, shrubs, lawns, and walkways.

Service lines that are 50 years or older are subject to a $2,500 limit of coverage. This coverage does not cover any damage to the dwelling that results from the service line failure but is intended to cover the costs associated with the repair or replacement of the service line and outdoor area.

Terrorism and Political Violence

This coverage extends to losses caused by acts of terrorism or sabotage which include the use of force or violence, committed for political, religious or ideological purposes with the intention to influence a government and/or put the public in fear. We include this coverage on all property proposals, but it can be removed if requested in writing.

Excluded in Chicago and New York.

REInsurePro®