

Cause No. _____

| | | |
|------------------------------|---|--------------------------|
| COMMERCE EQUITIES, INC. | § | IN THE DISTRICT COURT OF |
| <i>Plaintiff,</i> | § | |
| | § | |
| v. | § | HARRIS COUNTY, TEXAS |
| | § | |
| AMRISC, LLC, CRC INSURANCE | § | |
| SERVICES, INC. and HIGHPOINT | § | |
| INSURANCE GROUP, LLC | § | |
| <i>Defendants.</i> | § | ___ JUDICIAL DISTRICT |

PLAINTIFF’S ORIGINAL PETITION AND JURY DEMAND

TO THE HONORABLE JUDGE & JURY OF HARRIS COUNTY CITIZENS:

Plaintiff COMMERCE EQUITIES, INC. (“Commerce Equities” or “Plaintiff”) files this Original Petition and Jury Demand against AmRisc, LLC (“AmRisc”), CRC Insurance Services, Inc., and Highpoint Insurance Group, LLC, and would respectfully show the following:

DISCOVERY CONTROL PLAN

1. Plaintiff intends to conduct discovery under Level 2 of Texas Rule of Civil Procedure 190.

PARTIES

2. Plaintiff, Commerce Equities, is a domestic for-profit corporation in good standing with a principal place of business in Harris County, Texas.

3. Upon information and belief AmRisc, is a company engaged in the business of insurance in Texas, operating for the purpose of accumulating monetary profit with its home office at 20405 State Hwy 249, Ste. 430, Houston, TX 77070. AmRisc may be served with process by serving its registered agent, **CT Corporation System, 1999 Bryan Street, Suite 900, Dallas, Texas 75201-3136.**

4. Upon information and belief, CRC Insurance Services, Inc. (“CRC”) is an Alabama

company engaged in the business of insurance in Texas, operating for the purpose of accumulating monetary profit. CRC may be served with process by serving its registered agent, **CT Corporation System, 1999 Bryan Street, Suite 900, Dallas, Texas 75201-3136.**

5. Highpoint is a Texas limited liability company engaged in the business of insurance in Texas, operating for the purpose of accumulating monetary profit. It may be served with process by serving its registered agent, **Heather T. Smyrl, at 4300 FM 2351, Friendswood, Texas 77546.**

VENUE & JURISDICTION

6. Venue is proper in Harris County under TEX. CIV. PRAC. & REM. CODE section 15.002(a)(3), as Defendant AmRisc's principal office is located in Harris County, Texas. In addition, venue is proper in Harris County under TEX. CIV. PRAC. & REM. CODE section 15.002(a)(1) as all or a substantial part of the events or omissions giving rise to this claim occurred in Harris County. In particular, AmRisc's representations and omissions regarding its unlawful conduct in the administering of this insurance policies, its control of the claims handlers, and participation in profit-sharing based on the program's profitability related to claims occurred in Harris County, Texas out of AmRisc's home office.

7. Plaintiff seeks damages within the jurisdictional limits of this Court. At this time, Plaintiff seeks monetary relief in an amount over \$1,000,000. Plaintiff reserves the right to modify the amount and type of relief sought in the future.

FACTUAL BACKGROUND

8. This case involves AmRisc's establishment of an insurance scheme designed to circumvent Texas law, and to enrich itself by concealing from policyholders, until after coverage has been bound and paid, the nature of the insurance product that they have purchased. Targeting non-institutional owners of multi-family, hospitality, retail, other commercial real property

owners and municipalities, the AmRisc scheme has metastasized throughout Texas over the past several years, and has ensnared small business owners, real estate investors and taxpayers alike in a program that dramatically increases costs to the policyholder while precipitously reducing benefits. Plaintiff is but one of many similarly situated Texas small business owners that have been duped by this insurance scheme with costly consequences.

Who is AmRisc, and what does it do?

9. AmRisc touts itself as a “Managing General Underwriter for Commercial property Risks.”¹ According to its filings with the Texas Department of Insurance, AmRisc acts as an excess and surplus lines managing general agent in Texas. Essentially, this allows AmRisc to put together portfolios of insurance risk for out-of-state (and in many cases, out of the United States) insurance companies that are not admitted to do business in the State of Texas. Through a wholesale broker – in this case, CRC – AmRisc finds policyholders who were supposedly unable to find property insurance through traditional, admitted carriers, and those policyholders obtain coverage through AmRisc’s hand-picked carriers.

10. In reality, neither AmRisc nor the brokers and agents with whom it does business (including CRC), make a diligent effort to find admitted or otherwise qualified insurance carriers to underwrite the risk. Instead, and in open defiance of Texas law, AmRisc places policyholders into a packaged insurance scheme with pre-selected insurance carriers who have subscribed to the AmRisc program.

11. AmRisc is intimately involved on both ends of the insurance transaction: the selection of insurers to participate in the AmRisc program, underwriting, premium-setting, and binding of the policy in the first instance, and, if a claim is filed, the intake and administration of the claim.

¹ See www.amrisc.com, last accessed June 8, 2020.

12. AmRisc completes the underwriting risk valuations and physically inspects the commercial properties prior to coverage being bound. But it also manages its captive third-party claim administrator, CJW Associates. AmRisc is incentivized to closely manage CJW Associates to minimize claim payments, attempting to thereby reduce the amount the Carriers will owe, because AmRisc's compensation is directly tied to the portfolio or "book profitability."

13. Neither an insurer with direct fiduciary claims responsibilities to its policyholders, nor a claims adjuster with specified claims handling duties under the Texas Insurance Code, AmRisc operates in the shadows where it seeks to avoid both legal compliance and fiduciary responsibility. Although AmRisc underwrites risk and secures coverage, it hides behind the nominal insurers whose names appear on the policy and risk; and although it orchestrates the claims decisions under a policy, it hides behind the claims administrators who front the handling of claims under the policy. AmRisc discloses none of this to the policyholders who fall prey to its program. Most policyholders will go through the entire life cycle of a policy year – from initial quote to subsequent year renewal – without any understanding whatsoever of AmRisc's role, while AmRisc profits from this arrangement.

14. Also unknown to policyholders at the time they secure coverage, AmRisc receives higher compensation if less is paid out on claims. The metric identified by AmRisc and its insurers to compensate AmRisc based on lower claim payments is known as the "combined ratio." This is a measure of profitability used by the insurance industry and it is calculated by taking the sum of incurred losses and expenses, and dividing them by the earned premium. The lower the ratio, the higher the profits for AmRisc and the carriers.

15. As detailed below, AmRisc has successfully orchestrated a plan to maximize its own profits, and that of the surplus lines insurance carriers it recruits, through the use of an arbitration

clause that purports to select New York law and a New York venue for insurance claims that have no relationship to New York. The purpose is to discourage policyholders from asserting valid claims, increase their costs, and then reduce claim payments if and when they are made.

16. While arbitration in New York under New York law may be appropriate for other businesses and industries, it has a chilling effect on the efficient management of Texas based commercial property insurance claims for a variety of reasons. At best it discourages or, in a COVID-19 environment prohibits, the arbitration panel from conducting a physical inspection of the property. It discourages depositions and interviews of key witnesses, all of whom reside in Texas where the property is located. It reduces the capacity of experts to meet, compare data, and align or narrow the engineering and cost information that is inherently a part of the claim. These are all deliberate inefficiencies that AmRisc injects into its program with the objective of increasing claim costs for its policyholders, reducing the ability of the parties or the arbitration panel to fully assess the condition of the property, and ultimately reducing claim payments so that AmRisc can make more money.

17. Upon information and belief, AmRisc has no corporate affiliation with any of the insurance carriers with which it puts together policy packages described above, but maintains a contractual working relationship with them.

AmRisc puts together Plaintiff's Policy

18. Plaintiff owns the Settlers' Ranch Apartments, located at 11144 Fuqua St Houston, TX 77089 in southeast Houston (the "Property"). The Property is a 242,732 square foot project consisting of a clubhouse, 240 units in 11 buildings, and 70 garages. The Property, including land and improvements, was valued by HCAD in 2020 at more than \$18 million.

19. In May of 2017, as its previous year's policy was soon due to lapse, Plaintiff sought

quotations for insurance coverage for the Property, through its insurance agent Highpoint Insurance Group.

20. On May 12, 2017, Plaintiff's agent obtained a quotation from AmRisc, submitted through AmRisc's wholesale broker CRC. The May 12, 2017 cover letter and quotation are attached as Exhibit 1.

21. In addition to basic information such as the address of the Property and the name of the insured, the AmRisc quotation contained comprehensive and meticulous details about the coverages offered. This included, for example, a list of the participating insurance carriers, applicable premiums and fees, applicable deductibles, optional coverages, limits of liability, covered perils, specific terms and conditions (including exclusions), and warranties. (*See Ex. 1*). There was one omission, however, that appears deliberate - the quotation did not reference an arbitration provision. Nor did it reference or even suggest the application of New York law to a Texas policy issued in Texas on a Texas property – or that any disputes would be resolved outside of Harris County, let alone in a New York venue.

22. The quotation also contained a section labeled “Information due at binding OR within 30 days of inception,” referencing a signed application/statement of values, flood notice, surplus lines statement, and TRIA Disclosure Notice:

Information due at binding OR within 30 days of inception:
Signed AmRisc Application/SOV, Signed Flood Notice, Signed Surplus Lines Statement (**Required at binding**)
Signed TRIA Disclosure Notice(s)

To comply with regulatory provisions, unless the above requested information is received within 30 days, automatic NOC must be sent contingent upon receipt of information.

(*See Ex. 1*).

23. After reviewing the submission Plaintiff decided to purchase the coverage offered by AmRisc. Between May 12, 2017 and May 15, 2017, Plaintiff signed and submitted the required

materials that were “due at binding or within 30 days.” A copy of the required signed items is attached as Exhibit 2. None of the required items included reference to an arbitration provision, New York law, or New York venue – again, a further and seemingly deliberate omission.

24. On May 16, 2017, CRC sent Highpoint a “Confirmation of Coverage Bound (Binder Confirmation).” A copy is attached as Exhibit 3. This confirmed the coverage requested by Plaintiff, as of May 15, 2017.

25. As was the initial quotation provided by AmRisc, and the required documents for Plaintiff to sign to bind coverage, the Binder Confirmation was extremely detailed with respect to coverages, including coverage extensions, premiums, deductibles, and “Specific Terms and Condition” under the Policy. And like the quotation, nothing in the Binder Confirmation included reference to an arbitration provision, New York law, or New York venue.

26. It was at this point that coverage was bound for Plaintiff, with a policy period of 12:01 a.m. on May 15, 2017 to 12:01 a.m. May 15, 2018. The participating carriers (the “Carriers”) under that policy (the “Policy”) were the exact same as listed in the AmRisc quotation.

27. At no point before coverage was bound did AmRisc ever reference or disclose that an arbitration clause, or clauses specifying New York law or New York venue, would be included in the Policy. These omissions would only become apparent after the second most costly hurricane in U.S. history made landfall and severely damaged the Property in Harris County, Texas.

Plaintiff files an insurance claim for damage after Hurricane Harvey

28. On or about August 27, 2017, the winds and subsequent water intrusion from Hurricane Harvey struck the Property. The Property sustained significant damage due to the winds and

tornadic activity accompanying that historic storm. And as a direct consequence of that physical damage, Plaintiff lost significant business income.

29. Two days later, on August 29, 2017, Plaintiff, through its agent Highpoint, filed an insurance claim.

30. Nearly a year passed without any substantive progress – and with zero payment – on the claim. In December 2018, the Carriers made a partial “advance” payment. On June 3, 2019, the Carriers, through AmRisc’s hand-picked adjuster CJW, sent Plaintiff a letter officially refusing any additional payment on the claim.

31. At this point, faced with the certainty of recovering nothing for the significant damage inflicted to its Property and business unless it took legal action, Plaintiff retained the undersigned counsel.

Plaintiff submits notice of representation and demand; Carriers respond with arbitration demand

32. Plaintiff authorized its counsel to send a statutory notice of representation and demand as required by the Texas Insurance Code, which Plaintiff’s counsel did on June 21, 2019,

33. On July 8, 2019, the Carriers responded to Plaintiff’s demand through counsel. (*See Ex. 3, July 8, 2019 letter*). In that response letter, much to Plaintiff’s surprise, the Carriers demanded arbitration, citing an arbitration clause within the Policy (hereafter, the “Arbitration Clause”):

SECTION VII – CONDITIONS

C. ARBITRATION CLAUSE: All matters in difference between the Insured and the Companies (hereinafter referred to as “the parties”) in relation to this insurance, including its formation and validity, and whether arising during or after the period of this insurance, shall be referred to an Arbitration Tribunal in the manner hereinafter set out.

Unless the parties agree upon a single Arbitrator within thirty days of one receiving a written request from the other for Arbitration, the Claimant (the party requesting Arbitration) shall appoint his Arbitrator and give written notice thereof

to the Respondent. Within thirty days of receiving such notice, the Respondent shall appoint his Arbitrator and give written notice thereof to the Claimant, failing which the Claimant may nominate an Arbitrator on behalf of the Respondent.

Should the Arbitrators fail to agree, they shall appoint, by mutual agreement only, an Umpire to whom the matter in difference shall be referred.

Unless the parties otherwise agree, the Arbitration Tribunal shall consist of persons employed or engaged in a senior position in Insurance underwriting or claims.

The Arbitration Tribunal shall have power to fix all procedural rules for the holding of the Arbitration including discretionary power to make orders as to any matters which it may consider proper in the circumstances of the case with regard to pleadings, discovery, inspection of documents, examination of witnesses and any other matter whatsoever relating to the conduct of the Arbitration and may receive and act upon such evidence whether oral or written strictly admissible or not as it shall in its discretion think fit.

All costs of the Arbitration shall be in the discretion of the Arbitration Tribunal who may direct to and by whom and in what manner they shall be paid. The seat of the Arbitration shall be in New York and the Arbitration Tribunal shall apply the law of New York as the proper law of this insurance.

The Arbitration Tribunal may not award exemplary, punitive, multiple or other damages of a similar nature.

The award of the Arbitration Tribunal shall be in writing and binding upon the parties who covenant to carry out the same. If either of the parties should fail to carry out any award the other may apply for its enforcement to a court of competent jurisdiction in any territory in which the party in default is domiciled or has assets or carries on business.

34. Not once in the lead-up to the binding of the Policy did AmRisc ever disclose the existence of the Arbitration Clause. It was not disclosed in the detailed quotation AmRisc provided to Plaintiff's agent. It was not part of the package that AmRisc required Plaintiff to sign in order to bind coverage. And it was not part of the Binder Confirmation sent by CRC (*See Ex. 1, Ex. 2, Ex. 3*).

35. Plaintiff never agreed to the Arbitration Clause contained within Section VII(C) of the Policy. The nature of the arbitration clause illustrates why Plaintiff **never would have** agreed to

this, had it actually been disclosed prior to binding of the coverage:

- The reference of “**all matters in difference . . .including formation and validity [of the Policy]**” to an arbitrator seeks to strip Plaintiff of its Seventh Amendment right to a trial by jury. Plaintiff never agreed to this “Delegation Clause.”
- “**Unless the parties otherwise agree, the Arbitration Tribunal shall consist of persons employed or engaged in a senior position in Insurance underwriting or claims.**” This suggests that insurance industry executives and lawyers—people who are paid by insurance companies, and thus have a vested interest in their profits—are the people deciding the disputes. Plaintiff never agreed to this provision.
- **There is no reference to any applicable rules or guidelines governing the arbitration.** Rather than citing to AAA, JAMS, or some other respected arbitration organization with well-developed rules and guidelines, the arbitration agreement furnishes the insurance industry executive arbitrators with “discretionary power to make orders as to any matters which it may consider proper in the circumstances of the case with regard to pleadings, discovery, inspection of documents, examination of witnesses and any other matter whatsoever relating to the conduct of the Arbitration” and discretion to shift “[a]ll costs of the Arbitration.” Plaintiff never agreed to this provision.
- **New York law and venue.** Despite the Property’s location in Texas, Plaintiff’s domicile in Texas, and no apparent connection whatsoever to New York, the arbitration provision requires that the arbitration occur in New York, and apply the law of New York. This effectively seeks to strip Plaintiff of its substantive rights under the Texas Insurance Code in favor of a more insurer-favorable state’s laws. Plaintiff never agreed to apply New York law or venue.
- **Elimination of damages recoverable under Texas law.** The arbitration provision provides prevents the arbitrators from awarding “exemplary, punitive, multiple, consequential, or other damages of a similar nature” that would otherwise be recoverable under Texas law. Plaintiff never agreed to this provision.

36. The purpose behind this arbitration provision could not be more transparent: to negate and strip Plaintiff (and other Texas policyholders) of both their substantive and procedural rights under Texas law, and to minimize claims payments, while maximizing claim costs for policyholders – and profits for AmRisc.

37. AmRisc directed its wholesale agent CRC to conceal any reference to any portion of this arbitration provision from Plaintiff and its agent **before** coverage was bound. AmRisc had

multiple opportunities to make this disclosure but hid it at every turn. This stratagem was designed to ensure maximization of AmRisc's profitability through lower claims payouts.

38. This is but one example of an ongoing repeated scheme AmRisc has orchestrated for its participating insurance carriers. It has very effectively sold the foreign, surplus-lines insurance market on its unique arbitration clause. No doubt, AmRisc pitches the surplus lines market on quite a bonanza – by utilizing the scheme, unlicensed insurance companies can enjoy the benefits of the lucrative Texas commercial lines insurance market, all the while avoiding the protections of Texas insurance laws and the Texas courts charged with enforcing those laws.

39. Of particular importance, among AmRisc's pitch to the surplus lines carriers is that they can subvert compliance with Section 21.42 of the Texas Insurance Code, which provides that “[a]ny contract of insurance payable to any citizen or inhabitant of this State by any insurance company or corporation doing business within this State shall be held to be a contract made and entered into under and by virtue of the laws of this State relating to insurance, and governed thereby, notwithstanding such policy or contract of insurance may provide that the contract was executed and the premiums and policy (in case it becomes a demand) should be payable without this State, or at the home office of the company or corporation issuing the same.”

40. Section 21.42 is a consumer protection statute that seeks to ensure that Texas insurance policies entered into by a Texas policyholder are “governed thereby” pursuant to Texas law. To nullify this statutory forum selection clause, the AmRisc program delegates questions such as choice of law to arbitrators, and then mandates that the arbitrators are former insurance industry players from New York. AmRisc's nullification of Texas law in turn enables its customers – the underwriters - to “have their cake and eat it too,” as these Carriers embrace the opportunity to enter the lucrative Texas property insurance market without fear of facing Texas law.

41. This has, of course, resulted to the severe detriment of Plaintiff.

42. Plaintiff has not been paid for its insurance claim by the Carriers. To date, more than 1,000 days after its Property was damaged, Plaintiff is stuck with what is essentially Hobson's choice: (1) go to arbitration with the Carriers under the terms slipped into the Policy after the fact, or (2) sue the Carriers in court, only to have them move to compel arbitration and delay matters even further.

43. Plaintiff reluctantly proceeded with arbitration with the Carriers (under the terms it never agreed to), and is currently incurring significant monetary and time costs associated with traveling to New York and hiring lawyers to prosecute the arbitration – in addition to the time and monetary costs it has already incurred. This is not even to mention the consequential damages, statutory interest, exemplary damages, and attorneys' fees that Plaintiff could not recover if New York law applied to damages to the Property located in Harris County.

44. The scope of Plaintiff's potential damages is therefore far from ascertainable at this point. But Plaintiff has suffered, and continues to suffer, all of it due to AmRisc's scheme.

FIRST CAUSE OF ACTION – Violations of Texas Insurance Code (against AmRisc and Highpoint)

45. Plaintiff re-alleges and incorporates each allegation contained in the previous paragraphs of this Petition as if fully set forth herein.

46. AmRisc is an "agent" for purposes of Sections 4001.051-52 of the Texas Insurance Code because, among other things, it solicits insurance on behalf of insurers; receives or transmits other than on the person's own behalf an application for insurance or an insurance policy to or from the insurer; advertises or otherwise gives notice that the person will receive or transmit an application for insurance or an insurance policy; receives or transmits an insurance policy of the insurer; examines or inspects a risk; receives, collects, or transmits an insurance premium; and

takes other actions in the making or consummation of an insurance contract for or with the insurer other than on the person's own behalf.

47. Highpoint is an “agent” for purposes of Sections 4001.051-52 of the Texas Insurance Code because, among other things, it receives or transmits other than on the person's own behalf an application for insurance or an insurance policy to or from the insurer; advertises or otherwise gives notice that the person will receive or transmit an application for insurance or an insurance policy; receives or transmits an insurance policy of the insurer; and takes other actions in the making or consummation of an insurance contract for or with the insurer other than on the person's own behalf.

48. AmRisc and Highpoint are both a “person” as defined by Section 541.002-03 of the Texas Insurance Code that is subject to liability under Section 541.

49. AmRisc and Highpoint misrepresented the Policy by making an untrue statement of material fact, in violation of Texas Insurance Code Section 541.061 (1). AmRisc and Highpoint misrepresented the insurance policy to Plaintiff by making an untrue statement of material fact, in violation of Texas Insurance Code Section 541.061 (1).

50. AmRisc and Highpoint misrepresented the Policy by failing to state a material fact that is necessary to make other statements made not misleading, in violation of Texas Insurance Code Section 541.061 (2). AmRisc actively, willfully, and purposely concealed any reference to the arbitration provision in the Policy, failed to conduct a diligent effort to place insurance with a domestic carrier as is required, and purposefully structured a program that was designed to circumvent Texas statutory laws regarding governance by Texas law. This has deprived Plaintiff of substantive and procedural rights under Texas law.

51. Highpoint violated section 541.061(2) by failing to inform Plaintiff, prior to binding of the Policy, of the arbitration clause, choice of law clause, choice of venue clause that have directly led to the deprivation of Plaintiff's legal rights and subsequent damages.

52. AmRisc and Highpoint misrepresented the terms of the Policy by making a statement in such manner as to mislead a reasonably prudent person to a false conclusion of material fact, and failing to disclose a matter required by law to be disclosed, in violation of Texas Insurance Code Section 541.061 (3) and Texas Insurance Code Section 541.002 (1). AmRisc actively, willfully, and purposely concealed any reference to the arbitration provision in the Policy, failed to conduct a diligent effort to place insurance with a domestic carrier as is required, and purposefully structured a program that was designed to circumvent Texas statutory laws regarding governance by Texas law. All of this has deprived Plaintiff of substantive and procedural rights under Texas law.

53. Highpoint violated section 541.061(3) by failing to inform Plaintiff of the arbitration clause, choice of law clause, choice of venue clause that have directly led to the deprivation of Plaintiff's legal rights and subsequent damages.

54. AmRisc and Highpoint knowingly committed the foregoing acts, with actual knowledge of the falsity, unfairness, or deception of the foregoing acts and practices, in violation of Texas Insurance Code Section 541.002 (1).

55. Plaintiff did not discover, and could not have with reasonable diligence discovered, AmRisc's and Highpoint's violations of section 541 until the Carriers demanded arbitration in July 2019. It was at this point that Plaintiff first suffered, and has continued to suffer, damages under the Texas Insurance Code.

SECOND CAUSE OF ACTION—Fraud and Fraudulent Concealment (against AmRisc)

56. Plaintiff re-alleges and incorporates each allegation contained in the previous paragraphs of this Petition as if fully set forth herein.

57. AmRisc, by and through its agent CRC, made material misrepresentations to Plaintiff regarding the nature and extent of the insurance coverage it was procuring, on behalf of the Carriers, to be provided to Plaintiff. It willfully and intentionally omitted any mention of the Arbitration Clause, including the Delegation Clause and New York choice of law and venue, before coverage was bound. AmRisc knew that the scope of the insurance coverage as represented to Plaintiff was false when it was made. It made those representations and omissions regarding coverage with the knowledge that Plaintiff would rely on them to its detriment. Plaintiff justifiably relied on those misrepresentations, and suffered (and continues to suffer) damage as a result.

THIRD CAUSE OF ACTION—Civil Conspiracy (against AmRisc, CRC, and other unknown co-conspirators)

58. Plaintiff re-alleges and incorporates each allegation contained in the previous paragraphs of this Petition as if fully set forth herein.

59. AmRisc, CRC, and other unknown persons or entities engaged in a civil conspiracy to commit fraud against Plaintiff. AmRisc could not have crafted this scheme without a bevy of enablers, including attorneys (to navigate the contours of Texas law and draft policies in a manner to nullify the consumer protections of Texas law), accountants, brokers, and other middlemen.

60. CRC is one such known active participant in this conspiracy to defraud Plaintiff. Upon information and belief, AmRisc instructed CRC to conceal any reference to the arbitration provision, choice of law provision, and choice of venue provision, from any and all potential

targets (including Plaintiff's agent, Highpoint), and CRC agreed to this plan.

61. CRC then solicited Plaintiff (through its agent, Highpoint) to procure this policy package, all the while actively obscuring the arbitration, choice of law, and choice of venue provisions. This was part of its scheme or plan, with AmRisc and the other unknown co-conspirators, to defraud Plaintiff into purchasing an insurance package that, unbeknownst to Plaintiff, deprived it of its substantive rights.

62. Plaintiff suffered, and has continued to suffer, damages as a result.

FOURTH CAUSE OF ACTION—Negligence (against Highpoint)

63. Plaintiff re-alleges and incorporates each allegation contained in the previous paragraphs of this Petition as if fully set forth herein.

64. Highpoint owed a duty to Plaintiff to obtain appropriate insurance coverage for Plaintiff's property. Highpoint failed to properly obtain appropriate insurance coverage for Plaintiff, by failing to make Plaintiff aware of the arbitration, choice of law, and choice of venue provisions in Plaintiff's insurance policy. Plaintiff did not become aware of Highpoint's negligence, nor could it have learned of Highpoint's negligence with the exercise of reasonable diligence, until, at earliest, July of 2019. Highpoint has breached its duties to obtain appropriate insurance coverage for Plaintiff and this breach was a proximate cause of Plaintiff's damages.

RESULTING LEGAL DAMAGES

65. Plaintiff is entitled to the actual damages resulting from AmRisc's violations of the law. These damages include the consequential damages to its economic welfare from the wrongful denial and delay of benefits including loss of the property and business; and the other actual damages permitted by law.

66. As a result of the acts and omissions of AmRisc, CRC and Highpoint, Plaintiff has sustained damages in excess of the minimum jurisdictional limits of this Court.

67. Plaintiff is entitled under law to the recovery of prejudgment and post-judgment interest at the maximum legal rate.

68. Plaintiff is entitled to the recovery of attorneys' fees pursuant to Texas Insurance Code § 541.152.

Prayer

WHEREFORE, PREMISES CONSIDERED, Plaintiff respectfully request that Plaintiff have judgment against AmRisc for actual damages in excess of the minimum jurisdictional limits of this Court, pre- and post-judgment interest as allowed by law, costs of suit, and all other relief, at law or in equity, to which Plaintiff may be entitled.

Respectfully submitted,

RAIZNER SLANIA LLP

JEFFREY L. RAIZNER

State Bar No. 00784806

ANDREW P. SLANIA

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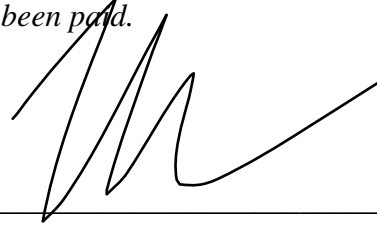
Fax: (713)554.9098

efile@raiznerlaw.com

ATTORNEYS FOR PLAINTIFF

JURY DEMAND

Commerce Equities Group, Inc. hereby demands a trial by jury, a right enshrined in the Constitutions of the United States of America and the State of Texas and preserved by the sacrifices of many. The necessary jury fee has been paid.

A handwritten signature in black ink, appearing to read 'JL Raizner', written over a horizontal line.

JEFFREY L. RAIZNER



May 12, 2017

Andrew Tyron
Highpoint Insurance Group, LLC
1150 Clearlake City Blvd
#201
Houston, TX 77062

RE: Commerce Equities, Inc, Ref# 5514361-T
Proposed Effective 5/15/2017 to 5/15/2018

Dear Andrew:

We are pleased to confirm the attached quotation for **(Property - Multi-Peril CAT Wind)** being offered with **Underwriters at Lloyd's - Contract Facilities**. This carrier is **Non-Admitted** in the state of TX. Please note that this quotation is based on the coverage, terms and conditions as stated in the attached quotation, which may be different from those requested in your original submission. As you are the representative of the Insured, it is incumbent upon you to review the terms of this quotation carefully with your Insured, and reconcile any differences from the terms requested in the original submission. CRC Insurance Services, Inc. disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms quoted as per the attached and those terms originally requested. The attached quotation may not be bound without a fully executed CRC brokerage agreement.

NOTE: If insured is located outside your resident state, we must receive a copy of your non-resident license prior to binding.

The Insurance Carrier indicated in this quotation reserves the right, at its sole discretion, to amend or withdraw this quotation if it becomes aware of any new, corrected or updated information that is believed to be a material change and consequently would change the original underwriting decision.

If coverage is elected, please note:

Guaranty Fund Nonparticipation Notice

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.

Home State: TEXAS

The Home State was determined based on the information provided in your submission and the completed Declaration of Home State form. Please ensure the correct Home State is listed. Incorrect information could result in additional or return taxes, fees, surcharges, penalties, interest, and assessments at a later date, and in addition to what is shown. Additionally, please note that this is the current tax calculation based on the Home State but there could be changes that result in additional or return tax - due at a later date - based on future enactments of surplus lines laws by any of the various states.

EXHIBIT 1

Should coverage be elected as quoted per the attached, Premium and Commission are as follows:

| | |
|--------------------------|---------------------|
| Premium: | \$93,272.00 |
| Inspection Fee - Company | \$1,000.00 |
| Policy Fee | \$5,000.00 |
| State Tax | \$4,814.69 |
| Stamping Fee | \$148.91 |
| Total: | \$104,235.60 |

Option to ELECT Terrorism Coverage:

| | |
|--------------------------|----------------|
| TRIPRA Status: | APPLIES |
| TRIPRA Premium: | \$8,029.00 |
| Additional Taxes: | \$401.45 |
| Total: | \$112,666.05 |

Tax Filings are the responsibility of: ()Your Agency ()CRC () Not Applicable

Should **Commerce Equities, Inc** elect to bind coverage as per the attached, simply complete the Request to Bind box below and return to our office prior to the requested effective date of coverage. Should you have any questions, please feel free to contact our office.

CRC is compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. Some insurance companies pay brokers supplemental commissions (sometimes referred to as "contingent commissions" or "incentive commissions"), which is compensation that is based on a broker's performance with that carrier. These supplemental commissions may be based on volume, profitability, retention, growth or other measures. Even if a contingent commission agreement exists with a carrier, we recognize that our responsibility is to promote the best interests of the policyholder in the selection of an insurance company. For more information on CRC's compensation, please contact your CRC broker.

Financing Insurance Premiums

Premium financing budgets insurance payments and improves liquidity for other business objectives: working capital, business growth, building expansion.

If your clients choose to pay their insurance in monthly installments, it's fast and easy with AFCO & Prime Rate Insurance Premium Finance Companies, which are affiliates of CRC. AFCO provides premium financing solutions for large and mid-size corporate accounts; Prime Rate offers solutions for smaller commercial and personal lines.

Find out how premium financing works and how it can expand your relationship with your clients by e-mailing premiumfinance@afco.com; or call toll- free **866-669-0937** and **press 81**. Additional information is available at www.afco.com and www.primeratepfc.com.

Sincerely,

Todd Guilbeau
713-532-4111
tguilbeau@crcins.com
5514361

EXHIBIT 1

REQUEST TO BIND COVERAGE

(Complete and return to Todd Guilbeau via email at tguilbeau@crcins.com or fax to 713-532-4121.

Submission #: 5514361-T Commerce Equities, Inc

Agency Response: [] Yes, please bind as quoted, effective: _____

PREMIUM IS BEING FINANCED BY _____ **ACCOUNT #** _____
Name of Premium Finance Company

Signed by: _____ Date: _____
Representative of Highpoint Insurance Group, LLC

CONFIDENTIAL

Re: **Commerce Equities Inc**
Authorization

Valid Until: **5/14/2017**

Insured's Name:

Commerce Equities Inc
11144 Fuqua St #200
Houston, TX, 77089

Eff. Date: 5/15/2017
Exp. Date: 5/15/2018
Operation: Apartments/LES RISK
Carrier: See Attached Carrier Participation

Interest (\$): Buildings \$19,700,580
Contents \$200,000
Other Not Covered
Rents \$3,267,663
TIV (\$): \$23,168,243

Coin, PD: N/A
Limitation, TE: N/A
Valuation, PD: RCV
Valuation, TE: ALS

Perils Covered: All Risk, excluding Flood & Earth Movement

Flood & Earth Movement, if provided, are aggregate

Limits of Liability: (as per schedule, NOT blanket)

Total Limits of Liability: Per Carrier Participation shown separately; Limits shown are for the largest location.
Terrorism (T3), if provided, Limits are as per schedule subject to a maximum limit shown on the Carrier Participation Page.

| | | | | |
|---------------------|---|-------------------------------|----------------|-------------|
| Deductibles: | | Rate (Reference Only): | \$0.403 | MEP: |
| AOP & T3 | \$100,000 | Min & Deposit Premium: | \$93,272 | 35% |
| Flood | Not Covd | Optional TRIPRA: | \$8,029 | |
| Earth Movement | Not Covd | AmRisc inspection fee: | \$1,000 | |
| Cyber/Data Comp | \$10,000 / \$5,000 | | | |
| Wind/Hail | \$973,000 Settler's Ranch \$185,000 Acadiana Shopping Center | | | |

Producer responsible for collection/payment of State taxes & related fees

Standard Endorsements (available upon request):

AR TRIA EXCL 02 15
Standard forms/endts, avail upon req.
Terrorism (T3) Endt (AR TERR)

Standard Terms & Conditions:

Any Additional or Return Premium under \$500 shall be waived.
This quote is subject to acceptance both sides with NO COVER GIVEN.
Severe cancellation penalties apply to CAT exposed property.

Specific Terms & Conditions:

All Buildings with outstanding damage are excluded. Contact UW if waiver needed.
Coverage explicitly excludes all flooding, including but not limited to flooding during windstorm events.
Roof coverings to be ACV if originally installed or last fully replaced prior to 2005
Coverage excludes all damage directly or indirectly caused by any Named Storm in existence upon AmRisc receipt of written request to bind.
Rate is subject to revision if values are revised.
Terrorism (T3) Coverage is offered as part of the min. & deposit premium shown above.

Warranties

Warrant no losses last 5 years on properties to be covered unless specified in AmRisc Application.
Warrant no expiring AmRisc markets that are quoted herein unless exception by the underwriter.
Warrant no EIFS Construction.

Information due at binding OR within 30 days of inception:

Signed AmRisc Application/SOV, Signed Flood Notice, Signed Surplus Lines Statement (**Required at binding**)
Signed TRIA Disclosure Notice(s)

To comply with regulatory provisions, unless the above requested information is received within 30 days, automatic NOC must be sent contingent upon receipt of information.

All quotes and binders are subject to satisfactory inspections, recommendation compliance and financials. Inspections shall be ordered by AmRisc, LLC. All coverages are as per the standard forms and endorsements in use by AmRisc, LLC at the time of binding, unless otherwise noted. Coverage shall exclude any damage due directly or indirectly from any named storm in existence at the time a Request to Bind is received by AmRisc, LLC 30 day (Except 90 day if Compass) NOC, except 10 days for nonpayment of premium or material misstatement; subject to individual State requirements. Carriers' participation may change at the time of binding or throughout the coverage period.

EXHIBIT 1

Insured: Commerce Equities Inc
Account No: 455206

Base Form Compass

| Extensions: | Form | Program Sublimits |
|---|-------------------|--------------------------------|
| Earth Movement per occ & ann aggr for all Locations combined; subject to: | Compass | Not Covered |
| Earth Movement per occ & ann aggr: CA, AK & HI | Compass | Not Covered |
| Earth Movement per occ & ann aggr: OR & WA | Compass | Not Covered |
| Earth Movement per occ & ann aggr: New Madrid | Compass | Not Covered |
| Flood, per occ & ann aggr for all Locations combined; subject to: | Compass | Not Covered |
| Flood, per occ & ann aggr: Zones A & V | Compass | Not Covered |
| Accounts Receivable | Compass | \$100,000 |
| Builder's Risks | Compass | \$100,000 |
| Builder's Risks Soft Costs | Compass | \$10,000 |
| Civil or Military Authority, the lesser of | Compass | 30 days max \$100,000 |
| Contingent Time Element; the lesser of | Compass | 60 days max \$100,000 |
| Debris Removal; the lesser of | Compass | 25% / \$5,000,000 |
| Electronic Data and Media | Compass | \$50,000 |
| Errors or Omissions | Compass | \$25,000 |
| Extended Period of Indemnity | Compass | 90 days |
| Extra Expense/Expediting Expense | Compass | \$25,000 |
| Fine Arts | Compass | \$50,000 |
| Fire Brigade Charges | Compass | \$25,000 |
| Fungus, Molds, Mildew, Spores, Yeast (per occ/ann aggr) | Compass | \$15,000 |
| Ingress/Egress | Compass | 30 days max \$50,000 |
| Leased,rented,borrowed,loaned or unscheduled owned Contractors Eqpt | Compass | \$50,000 |
| Any one item | Compass | \$10,000 |
| Leasehold Interest | Compass | \$25,000 |
| Limited Pollution Coverage (Annual Aggregate) | Compass | \$25,000 |
| Lock Replacement | Compass | \$25,000 |
| Miscellaneous Unnamed Locations | Compass | \$25,000 |
| Newly Acquired Property | Compass | 60 days max \$1,000,000 |
| Ordinance or Law: | Compass | |
| Coverage A: | Compass | Incl in Bldg Limit |
| Coverage B: | Compass | 10% per bldg, max \$1M per occ |
| Coverage C: | Compass | Included with Coverage B |
| Coverage D: | Compass | Incl in the TE, if cov'd |
| Coverage E | Compass | Included in the Building Limit |
| Ordinary Payroll | Compass | 30 days |
| Plants, lawns, trees or shrubs | Compass | \$10,000 |
| Any one plant, lawn, tree or shrub | Compass | \$1,000 |
| Professional Fees (Annual Aggregate) | Compass | \$10,000 |
| Reclaiming, restoring or repairing land improvements | Compass | \$10,000 |
| Reward Reimbursement | Compass | \$10,000 |
| Royalties | Compass | \$10,000 |
| Service Interruption (72 hr qualifying period) | Compass | \$50,000 |
| Spillage | Compass | \$10,000 |
| Time Element Monthly Limitation | Compass | N/A |
| Transit | Compass | \$25,000 |
| Underground pipes,flues & drains | Compass | \$25,000 |
| Valuable Papers and Records | Compass | \$100,000 |
| | | |
| Sinkhole Loss Extension | AR Sinkhole 01 14 | As Per Schedule |
| Full First Comp Attack/Third Party Network Security (Ann Agg) | AR CYB | \$100,000 |
| Data Compromise (Ann Agg) | AR DC | \$50,000 |
| | | |
| Equipment Breakdown (sublimits as per form) | AR EB | \$23,168,243 |

OPTIONS:

| | | |
|--|---------|----|
| To Remove T3 Coverage (declination of TRIA, if applicable, required) | \$2,896 | RP |
| To Remove Equipment Breakdown | \$1,376 | RP |

This AmRisc Authorization or AmRisc Binder is based on the coverage, terms and conditions listed herein, which may be different from those requested in your original submission or shown in your produced binder. It is incumbent upon you to review the terms of this AmRisc Authorization or AmRisc Binder carefully with your Insured and reconcile any differences in the terms requested in your original submission or shown in your produced binder. AmRisc, LLC disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms shown in this AmRisc Authorization or AmRisc Binder and those terms requested in your original submission or shown in your Certificates of Insurance or produced binder.

This AmRisc Authorization or AmRisc Binder is based on the information submitted on the AmRisc App-SOV. In the event there is conflicting material information between that information shown on the AmRisc App-SOV and other submitted information (Acord forms/etc), the information as shown on the AmRisc App-SOV shall take precedence.



RE: Commerce Equities Inc

CARRIER PARTICIPATION

| | <u>Limit</u> | <u>Layer</u> | <u>Attachment</u> | <u>Perils</u> | |
|--|--------------|--------------|-------------------|--|--|
| Certain Underwriters at Lloyds | | | | | |
| 1 | \$4,280,846 | \$19,458,390 | ded | A.M. Best/S&P: A XV / A+ AR EXCL NW | Premium: \$23,724 TRIPRA: \$1,766 Fee: \$1,000 |
| 1 | \$4,280,846 | \$19,458,390 | ded | NW | |
| T | \$23,168,243 | \$23,168,243 | ded | T3 | |
| EBD | \$23,168,243 | \$23,168,243 | ded | EBD | |
| Indian Harbor Insurance Company | | | | | |
| 1 | \$1,264,795 | \$19,458,390 | ded | A.M. Best/S&P: A XV / A AR EXCL NW | Premium: \$5,747 TRIPRA: \$522 Fee: \$0 |
| 1 | \$1,264,795 | \$19,458,390 | ded | NW | |
| QBE Specialty Insurance Co. | | | | | |
| 1 | \$4,475,430 | \$19,458,390 | ded | A.M. Best/S&P: A XV / A+ AR EXCL NW | Premium: \$20,917 TRIPRA: \$1,847 Fee: \$0 |
| 1 | \$4,475,430 | \$19,458,390 | ded | NW | |
| CYB | \$100,000 | \$100,000 | ded | CYB | |
| Steadfast Insurance Company | | | | | |
| 1 | \$4,280,846 | \$19,458,390 | ded | A.M. Best/S&P: A+ XV / AA- AR EXCL NW | Premium: \$19,452 TRIPRA: \$1,766 Fee: \$0 |
| 1 | \$4,280,846 | \$19,458,390 | ded | NW | |
| General Security Indemnity Company of Arizona | | | | | |
| 1 | \$1,556,671 | \$19,458,390 | ded | A.M. Best/S&P: A XV / AA- AR EXCL NW | Premium: \$7,074 TRIPRA: \$642 Fee: \$0 |
| 1 | \$1,556,671 | \$19,458,390 | ded | NW | |
| United Specialty Insurance Company | | | | | |
| 1 | \$1,945,839 | \$19,458,390 | ded | A.M. Best/S&P: A VIII / na AR EXCL NW | Premium: \$8,842 TRIPRA: \$803 Fee: \$0 |
| 1 | \$1,945,839 | \$19,458,390 | ded | NW | |
| Princeton Excess and Surplus Lines Insurance Co | | | | | |
| 1 | \$583,752 | \$19,458,390 | ded | A.M. Best/S&P: A XV / A+ AR EXCL NW | Premium: \$0 TRIPRA: \$0 Fee: \$0 |
| 1 | \$583,752 | \$19,458,390 | ded | NW | |
| International Insurance Company of Hannover | | | | | |
| 1 | \$681,044 | \$19,458,390 | ded | A.M. Best/S&P: A+ XV / AA- AR EXCL NW | Premium: \$2,653 TRIPRA: \$241 Fee: \$0 |
| 1 | \$681,044 | \$19,458,390 | ded | NW | |
| Old Republic Union Insurance Company | | | | | |
| 1 | \$389,168 | \$19,458,390 | ded | A.M. Best/S&P: A VII / A+ AR EXCL NW | Premium: \$3,095 TRIPRA: \$281 Fee: \$0 |
| 1 | \$389,168 | \$19,458,390 | ded | NW | |

* Company Ratings stated above reflect our best efforts for updating the information, but may be out of date at the time of this quote or binder. Financial Review is the responsibility of the Insured.

AmRISC Property Application and Statement of Values



Unless notified otherwise, completion of this form replaces the application, statement of values, hard copy loss runs and formally executed loss letters. This form contains the information submitted to date. The form must be **completed**, signed and returned for underwriter's review and acceptance **within 30 days of inception**. Any inaccurate information identified on the returned form is automatically deemed noted and agreed by underwriters upon receipt, so **please return as soon as possible**.

Named Insured: Commerce Equities Inc **Account ID:** 455206
Mailing Address: 11144 Fuqua St #200 Houston TX 77089
Nature of business: Apartments/LES RISK

| Loc No. | Address | City | State | Zip | Building Area (Sq. ft.) | % Automatic Sprinklers | Original Year Built | ISO Const. (1 to 6) | No. of buildings | Initial each Section |
|----------------|----------------------------------|------|-------|-----|-------------------------|------------------------|---------------------|---------------------|------------------|----------------------|
| 1 | Per Schedule on file with AmRisc | | | | | | | | | |
| 2 | | | | | | | | | | |
| 3 | | | | | | | | | | |
| 4 | | | | | | | | | | |
| 5 | | | | | | | | | | |
| 6 | | | | | | | | | | |
| Totals: | | | | | 286,208 | 0% | | | 20 | |

If you have any questions regarding the type of construction or other information, discuss with your agent prior to signing this application.

| Valuation: | RCV | RCV | ALS | |
|---------------|-----|-----|-----|--|
| Coins: | N/A | N/A | N/A | |

| Loc No. | Building | BPP | Rents | | Loc TIV |
|----------------|----------------------------------|--------------|-----------|-------------|--------------|
| 1 | Per Schedule on file with AmRisc | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| Totals: | | \$19,700,580 | \$200,000 | \$3,267,663 | \$23,168,243 |

These values often form the basis of the policy's limit of liability. Please review carefully.

List ALL losses caused by requested perils for the prior 5 years that did or may exceed the specified threshold. Please add any losses if not listed. Incomplete loss history is considered material and may void coverage. **Threshold: \$0**

| DOL | Description/COL | Incurred | Status (O/C) | DOL | Description/COL | Incurred | Status (O/C) |
|----------|-----------------|----------|--------------|-----|-----------------|----------|--------------|
| 04/18/16 | Water Leak | \$42,504 | O | | | | |
| 05/26/15 | Water | \$8,445 | O | | | | |
| | | | | | | | |
| | | | | | | | |

| | | | |
|---|-----------|---|-----------|
| Has any policy or coverage been declined, cancelled or non-renewed during the prior 3 years (not applicable in MO.) | NO | Has any applicant been convicted of arson in the past 10 years? | NO |
| Is the applicant a S-Chapter Corporation, partnership or any other type of sole proprietor organization? | NO | Any bankruptcies or tax credit liens against applicant in prior 5 years? | NO |
| Does the applicant have any reason that they would not be aware of all losses for the prior 5 years? | NO | Has net income been negative for 2 of the past 3 years? If so, please attach financials or tax returns for 3 years. | NO |
| For apartments, are there any HUD managed or Section 8 developments? | NO | If habitational, is there any aluminum distribution wiring? | NO |

Explain any Yes answers. If necessary, add additional pages, which are hereby made part of the application.

Warranties:

Warrant no losses last 5 years on properties to be covered unless specified in AmRisc Application.

Warrant no expiring AmRisc markets that are quoted herein unless exception by the underwriter.

Warrant no EIFS Construction.

List any Discrepancies. Discrepancies received by underwriters prior to a loss shall be deemed noted and agreed by underwriters. However, additional premium may be charged as of the date the information is received by underwriters.

Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree. Severe cancellation penalties apply to CAT exposed property - Form is available upon request. Carriers' participation may change prior to binding or throughout the coverage period.

To the best knowledge of the applicant and the producer, the above information is true and complete. Initial each Section.

Applicant Printed Name _____ Title _____ Producer Printed Name _____

Applicant Signature _____ Date _____ Producer Signature _____ Date _____

Initial Each Section Above _____ AR APP 11 09

**CERTAIN UNDERWRITERS AT LLOYD'S
DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE
As Related to Terrorism (T3) Offer**

INSURED: Commerce Equities Inc **Account ID:** 455206

LIMITS: As per the attached quote.

(This TRIA offer is in conjunction with the Terrorism (T3) offer from Lloyds including Certified and non-Certified Terrorism)

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Any coverage you purchase for 'acts of terrorism' shall expire at 12:00 midnight December 31, 2020, the date on which the TRIA Program is scheduled to terminate unless the TRIA Program is reauthorized or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020; OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

| | |
|--|---|
| | I hereby elect to purchase coverage for acts of terrorism for a prospective premium of \$579 (premium is included in the minimum & deposit premium noted on the Authorization attached. Premium shown here is the TRIA portion of the full Certified and Non-Certified Terrorism (T3) offer.) |
| | I hereby elect to have coverage for acts of terrorism excluded from my policy. I understand that I will have no coverage for losses arising from acts of terrorism. |

Policyholder/Applicant's Signature

Various Underwriters at Lloyd's
On behalf of certain underwriters at Lloyd's

Print Name

Policy Number

Date

TERRORISM OPTIONS

The Insured has 3 choices regarding Terrorism coverage:

1. Accept Terrorism (T3) which is Certified TRIA and Non-certified terrorism.

This coverage is described and defined by the Terrorism (T3) Endorsement and the Terrorism (T3) premium is included in the Lloyd's Property Premium. If the Insured chooses Terrorism (T3), they should reject the TRIA Notices for all carriers, except the Lloyd's Notice that is specifically for TRIA as part of Terrorism (T3). They should elect to purchase coverage on that Notice. Note that this Lloyd's Terrorism (T3) Notice only shows the TRIA portion of the total Terrorism (T3) premium. If TRIA is not available, all Terrorism is considered Non-certified terrorism.

Terrorism (T3) coverage is for the full policy term and may have a sublimit.

Note that in addition to the PROPERTY EXCLUDED stated elsewhere in the Terrorism (T3) Endorsement, this Terrorism (T3) coverage shall not cover the following Property:

a. Property located in the downtown business districts (specific zip codes) of:

Boston, MA: : 02108, 02109, 02110, 02111, 02113, 02114, 02203, 02210, 02211, 02212, & 02222.

San Francisco, CA: 94104, 94105 & 94111

Washington, DC: 20001, 20002, 20003, 20004, 20005, 20006, 20024, 20036, 20037, 20045, 20059, 20201, 20260, 20319, 20401, 20407, 20410, 20418, 20500, 20503, 20515, 20530, 20549, & 20560.

Manhattan, NY: 10002, 10004, 10005, 10006, 10007, 10013, 10038 10048, 10280, & 10282.

- b. Buildings with values greater than \$250,000,000.
- c. Buildings or Locations where animal testing is conducted.
- d. Embassies and other Government occupied buildings, except State and Local Municipalities and/or hospitals.
- e. Abortion Clinics.
- f. Property located in the U.S. Virgin Islands.
- g. Property in Transit not on the Insured's premises.

2. Accept only TRIA coverage, if available.

This coverage is provided by each carrier individually for its respective TRIA premium, as stated under each carriers' Property Premium. The Insured will need to accept the TRIA Notices for each carrier and reject the Lloyd's Terrorism (T3) Notice.

TRIA coverage is for the limits as stated in the quote.

3. Reject all Terrorism coverage.

The Insured should reject all Terrorism Notices. Since the Terrorism (T3) premium was included in the Lloyd's Property Premium, the return premium for the rejection of the Terrorism (T3) coverage is stated under the Options on the Quote.

DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

INSURED: Commerce Equities Inc

Account ID: 455206

LIMITS: As per the attached Authorization or Indication

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Any coverage you purchase for 'acts of terrorism' shall expire at 12:00 midnight December 31, 2020, the date on which the TRIA Program is scheduled to terminate unless the TRIA Program is reauthorized or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020; OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

| | |
|--------------------------|---|
| <input type="checkbox"/> | I hereby elect to purchase coverage for acts of terrorism for a prospective premium of \$8029 |
| <input type="checkbox"/> | I hereby elect to have coverage for acts of terrorism excluded from my policy. I understand that I will have no coverage for losses arising from acts of terrorism. |

Policyholder/Applicant's Signature

Print Name

Date

This notice applies to the following carriers and their respective participation quoted herein:

- Certain Underwriters at Lloyds
- Indian Harbor Insurance Company
- QBE Specialty Insurance Co.
- Steadfast Insurance Company
- General Security Indemnity Company of Arizona
- United Specialty Insurance Company

Princeton Excess and Surplus Lines Insurance Co
International Insurance Company of Hannover

If the policy issued by AmRisc, LLC excludes Flood, the following shall apply:

Flood Exclusion Acknowledgement

I understand the policy issued by AmRisc, LLC does NOT provide coverage for loss or damage caused by or resulting from Flood, including any flooding and/or storm surge associated with windstorm events.

I understand that Flood insurance can be purchased elsewhere from a private flood insurer or the National Flood Insurance Program.

It is strongly recommended that Insureds in "Special Flood Hazard Areas" or areas subject to Flooding, including flooding and/or storm surge from windstorm events, obtain Flood coverage.

I also understand that execution of this form does NOT relieve me of any obligation that I may have to my mortgagees or lenders to purchase Flood insurance.

If the policy issued by AmRisc, LLC includes Flood, the following shall apply:

Flood Coverage

I understand the policy issued by AmRisc, LLC does provide coverage for loss or damage caused by or resulting from Flood, including any flooding and/or storm surge associated with windstorm events.

I understand that loss or damage caused by or resulting from Flood, including any flooding and/or storm surge associated with windstorm events, will be subject to the Flood sublimit stated elsewhere in the policy

I understand that if I do not sign this form that my application for coverage may be denied or that my policy issued by AmRisc, LLC may be cancelled or non-renewed. I have read and I understand the information above.

Named Insured: Commerce Equities Inc
Account No.: 455206

Policyholder/Applicant's Signature

Print Name

Date



Premium by State Breakdown

Insured Name: Commerce Equities, Inc
 Account ID: 455206

The premium breakdown below is for state tax filing purposes only and represent all states that are material to the schedule as submitted. All other taxes are allocated to the key state, except Kentucky shall be shown separately. The actual rates for individual locations or exposures are subject to underwriter review and approval for any addition or deletion of exposure. Any TRIA or GL Premium is not included below and shall be broken down by state in the same proportion as the premium shown below.

| State | Certain Underwriters at Lloyds | Indian Harbor Insurance Company | QBE Specialty Insurance Co. | Steadfast Insurance Company | General Security Indemnity Company of Arizona | United Specialty Insurance Company | Princeton Excess and Surplus Lines Insurance Co | International Insurance Company of Hannover | Old Republic Union Insurance Company | Total Premium: |
|-------|--------------------------------|---------------------------------|-----------------------------|-----------------------------|---|------------------------------------|---|---|--------------------------------------|----------------|
| TX | \$23,724.00 | \$5,747.00 | \$20,917.00 | \$19,452.00 | \$7,074.00 | \$8,842.00 | \$2,653.00 | \$3,095.00 | \$1,768.00 | \$93,272 |

Estimated for Quote



**COMMERCIAL INSURANCE APPLICATION
APPLICANT INFORMATION SECTION**

DATE (MM/DD/YYYY)
5/12/2017

| | | | | |
|--|----------|--|------------------------------------|--|
| AGENCY Highpoint Insurance Group, LLC. 1150 Clear Lake City Blvd #201 Houston TX 77062 | | CARRIER Submission Company COMPANY POLICY OR PROGRAM NAME POLICY NUMBER 05/15/17 MKTG RNL | | NAIC CODE PROGRAM CODE |
| CONTACT NAME: Leslie Ann Sessums, CISR PHONE (A/C No. Ext): (281) 204-8770 FAX (A/C No): (281) 204-8810 E-MAIL ADDRESS: lsessums@hpigrp.com | | UNDERWRITER UNDERWRITER OFFICE | | |
| CODE: | SUBCODE: | STATUS OF TRANSACTION <input checked="" type="checkbox"/> QUOTE <input type="checkbox"/> BOUND (Give Date and/or Attach Copy): <input type="checkbox"/> CHANGE <input type="checkbox"/> CANCEL 5/15/2017 | ISSUE POLICY DATE TIME 12:01 | RENEW <input checked="" type="checkbox"/> AM <input type="checkbox"/> PM |
| AGENCY CUSTOMER ID: 00009118 | | | | |

SECTIONS ATTACHED

| INDICATE SECTIONS ATTACHED | PREMIUM | INDICATE SECTIONS ATTACHED | PREMIUM | INDICATE SECTIONS ATTACHED | PREMIUM |
|--|---------|---|---------|---|---------|
| <input type="checkbox"/> ACCOUNTS RECEIVABLE / VALUABLE PAPERS | \$ | <input type="checkbox"/> ELECTRONIC DATA PROC | \$ | <input checked="" type="checkbox"/> PROPERTY | \$ |
| <input type="checkbox"/> BOILER & MACHINERY | \$ | <input type="checkbox"/> EQUIPMENT FLOATER | \$ | <input type="checkbox"/> TRANSPORTATION / MOTOR TRUCK CARGO | \$ |
| <input type="checkbox"/> BUSINESS AUTO | \$ | <input type="checkbox"/> FIDUCIARY LIABILITY COVERAGE | \$ | <input type="checkbox"/> TRUCKERS / MOTOR CARRIER | \$ |
| <input type="checkbox"/> BUSINESS OWNERS | \$ | <input type="checkbox"/> GARAGE AND DEALERS | \$ | <input checked="" type="checkbox"/> UMBRELLA | \$ |
| <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY | \$ | <input type="checkbox"/> GLASS AND SIGN | \$ | <input type="checkbox"/> YACHT | \$ |
| <input checked="" type="checkbox"/> CRIME | \$ | <input type="checkbox"/> INSTALLATION / BUILDERS RISK | \$ | | \$ |
| <input type="checkbox"/> CYBER AND PRIVACY COVERAGE | \$ | <input type="checkbox"/> LIQUOR LIABILITY | \$ | | \$ |
| <input type="checkbox"/> DEALERS | \$ | <input type="checkbox"/> OPEN CARGO | \$ | | \$ |

ATTACHMENTS

| | |
|--|---|
| <input type="checkbox"/> ADDITIONAL INTEREST | <input type="checkbox"/> INTERNATIONAL PROPERTY EXPOSURE SUPPLEMENT |
| <input type="checkbox"/> ADDITIONAL PREMISES | <input type="checkbox"/> LOSS SUMMARY |
| <input type="checkbox"/> APARTMENT BUILDING SUPPLEMENT | <input type="checkbox"/> PREMIUM PAYMENT SUPPLEMENT |
| <input type="checkbox"/> CONDO ASSN BYLAWS (for D&O Coverage only) | <input type="checkbox"/> PROFESSIONAL LIABILITY SUPPLEMENT |
| <input type="checkbox"/> CONTRACTORS SUPPLEMENT | <input type="checkbox"/> RESTAURANT / TAVERN SUPPLEMENT |
| <input type="checkbox"/> COVERAGES SCHEDULE | <input type="checkbox"/> STATEMENT / SCHEDULE OF VALUES |
| <input type="checkbox"/> DRIVER INFORMATION SCHEDULE | <input type="checkbox"/> STATE SUPPLEMENT (If applicable) |
| <input type="checkbox"/> HOTEL / MOTEL SUPPLEMENT | <input type="checkbox"/> VACANT BUILDING SUPPLEMENT |
| <input type="checkbox"/> INTERNATIONAL LIABILITY EXPOSURE SUPPLEMENT | <input type="checkbox"/> VEHICLE SCHEDULE |

POLICY INFORMATION

| | | | | | | | | |
|-------------------|-------------------|--|--------------|-------------------|-------|---------|-----------------|----------------|
| PROPOSED EFF DATE | PROPOSED EXP DATE | BILLING PLAN | PAYMENT PLAN | METHOD OF PAYMENT | AUDIT | DEPOSIT | MINIMUM PREMIUM | POLICY PREMIUM |
| 5/15/2017 | 5/15/2018 | <input type="checkbox"/> DIRECT <input checked="" type="checkbox"/> AGENCY | Full Pay | | | \$ | \$ | \$ 0.00 |

APPLICANT INFORMATION

| | | | | | | | |
|--|--|--|--|---|-----|-------|--------------------------------|
| NAME (First Named Insured) AND MAILING ADDRESS (including ZIP+4) Commerce Equities, Inc 11144 Fuqua St Suite 200 Houston, TX 77089 | | | | GL CODE | SIC | NAICS | FEIN OR SOC SEC # 030513603 |
| CORPORATION <input type="checkbox"/> JOINT VENTURE <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> LLC NO. OF MEMBERS AND MANAGERS: _____ PARTNERSHIP <input type="checkbox"/> | | | | NOT FOR PROFIT ORG <input type="checkbox"/> SUBCHAPTER "S" CORPORATION <input type="checkbox"/> TRUST <input type="checkbox"/> | | | |
| NAME (Other Named Insured) AND MAILING ADDRESS (including ZIP+4) 400 West Parkwood, LTD | | | | GL CODE | SIC | NAICS | FEIN OR SOC SEC # |
| CORPORATION <input type="checkbox"/> JOINT VENTURE <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> LLC NO. OF MEMBERS AND MANAGERS: _____ PARTNERSHIP <input type="checkbox"/> | | | | NOT FOR PROFIT ORG <input type="checkbox"/> SUBCHAPTER "S" CORPORATION <input type="checkbox"/> TRUST <input type="checkbox"/> | | | |
| NAME (Other Named Insured) AND MAILING ADDRESS (including ZIP+4) Commerce Equities Management Company, Inc | | | | GL CODE | SIC | NAICS | FEIN OR SOC SEC # |
| CORPORATION <input type="checkbox"/> JOINT VENTURE <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> LLC NO. OF MEMBERS AND MANAGERS: _____ PARTNERSHIP <input type="checkbox"/> | | | | NOT FOR PROFIT ORG <input type="checkbox"/> SUBCHAPTER "S" CORPORATION <input type="checkbox"/> TRUST <input type="checkbox"/> | | | |

Additional Named Insureds

Other Named Insureds

Commerce Equities, Inc

Legal

Commerce Equities-Settlers Ranch, LTD

Additional Named Insured



PROPERTY SECTION

DATE (MM/DD/YYYY)
5/12/2017

| | | | | |
|---|-----------------------------|---|--|-----------|
| AGENCY NAME Highpoint Insurance Group, LLC. | | CARRIER Submission Company | | NAIC CODE |
| POLICY NUMBER 05/15/17 MKTG RNL | EFFECTIVE DATE 5/15/2017 | NAMED INSURED(S) Commerce Equities, Inc | | |

BLANKET SUMMARY

| BLKT # | AMOUNT | TYPE | BLKT # | AMOUNT | TYPE |
|--------|--------|------|--------|--------|------|
| | | | | | |

PREMISES INFORMATION

PREMISES #1 STREET ADDRESS: 11144 Fuqua St
BUILDING #: 1 BLDG DESCRIPTION: Apartments

| SUBJECT OF INSURANCE | AMOUNT | COINS % | VALU-ATION | CAUSES OF LOSS | INFLATION GUARD% | DED | DED TYPE | BLKT # | FORMS AND CONDITIONS TO APPLY |
|----------------------|------------|---------|------------|--------------------|------------------|---------|----------|--------|-------------------------------|
| Building | 15,637,440 | | RC | Special (Including | | 100,000 | | | 5% Wind Hail |
| Loss of Rents | 2,557,810 | | ALS | Special (Including | | 100,000 | | | 5% Wind Hail |

ADDITIONAL INFORMATION BUSINESS INCOME / EXTRA EXPENSE - Attach ACORD 810 VALUE REPORTING INFORMATION - Attach ACORD 811

ADDITIONAL COVERAGES, OPTIONS, RESTRICTIONS, ENDORSEMENTS AND RATING INFORMATION

| | | | | | |
|---|---------------------------------|---------------|--|---|---------------------------------------|
| SPOILAGE COVERAGE (Y/N) <input type="checkbox"/> | DESCRIPTION OF PROPERTY COVERED | LIMIT \$ | REFRIG MAINT AGREEMENT (Y/N) <input type="checkbox"/> | OPTIONS | |
| | | DEDUCTIBLE \$ | | <input type="checkbox"/> BREAKDOWN OR CONTAMINATION | <input type="checkbox"/> POWER OUTAGE |

SINKHOLE COVERAGE (Required in Florida) ACCEPT COVERAGE REJECT COVERAGE LIMIT: \$
MINE SUBSIDENCE COVERAGE (Required in IL, IN, KY and WV) ACCEPT COVERAGE REJECT COVERAGE LIMIT: \$

PROPERTY HAS BEEN DESIGNATED AN HISTORICAL LANDMARK # OF OPEN SIDES ON STRUCTURE: 0
Frame w/ Steel Joist
3 Bedrooms= 24
2 Bedrooms= 96

| | | | | | | | | |
|----------------------------|------------------------------|---------------|-------------|---------|----------------|---------------|------------------|----------------------|
| CONSTRUCTION TYPE Frame | DISTANCE TO HYDRANT FT MI | FIRE DISTRICT | CODE NUMBER | PROT CL | # STORIES 3 | # BASMTS 0 | YR BUILT 2003 | TOTAL AREA 28,224 |
|----------------------------|------------------------------|---------------|-------------|---------|----------------|---------------|------------------|----------------------|

| | | | | |
|--|---|-------------------------|--------------------------|---|
| BUILDING IMPROVEMENTS | BLDG CODE GRADE | TAX CODE | ROOF TYPE Composition | OTHER OCCUPANCIES |
| WIRING, YR: <input type="checkbox"/> ROOFING, YR: <input type="checkbox"/> OTHER: YR: <input type="checkbox"/> | PLUMBING, YR: <input type="checkbox"/> HEATING, YR: <input type="checkbox"/> | WIND CLASS RESISTIVE | SEMI-RESISTIVE | HEATING SOURCE INCL WOODBURNING STOVE OR FIREPLACE INSERT DATE INSTALLED: _____ MANUFACTURER: _____ |

| | |
|--|--|
| PRIMARY HEAT <input type="checkbox"/> BOILER <input type="checkbox"/> SOLID FUEL <input type="checkbox"/> IF BOILER, IS INSURANCE PLACED ELSEWHERE? <input type="checkbox"/> Y/N | SECONDARY HEAT <input type="checkbox"/> BOILER <input type="checkbox"/> SOLID FUEL <input type="checkbox"/> IF BOILER, IS INSURANCE PLACED ELSEWHERE? <input type="checkbox"/> Y/N |
|--|--|

| | | | |
|---------------------------|--------------------------|---------------------------|--------------------------|
| RIGHT EXPOSURE & DISTANCE | LEFT EXPOSURE & DISTANCE | FRONT EXPOSURE & DISTANCE | REAR EXPOSURE & DISTANCE |
|---------------------------|--------------------------|---------------------------|--------------------------|

| | | | |
|--------------------|---------------|-----------------|--|
| BURGLAR ALARM TYPE | CERTIFICATE # | EXPIRATION DATE | CENTRAL STATION <input type="checkbox"/> LOCAL GONG <input type="checkbox"/> |
|--------------------|---------------|-----------------|--|

| | | | | |
|---|--------|-------|---------------------|---------------------------------------|
| BURGLAR ALARM INSTALLED AND SERVICED BY | EXTENT | GRADE | # GUARDS / WATCHMEN | CLOCK HOURLY <input type="checkbox"/> |
|---|--------|-------|---------------------|---------------------------------------|

| | | | |
|---|---------|-------------------------|--|
| PREMISES FIRE PROTECTION (Sprinklers, Standpipes, CO2 / Chemical Systems) | % SPRNK | FIRE ALARM MANUFACTURER | CENTRAL STATION <input type="checkbox"/> LOCAL GONG <input type="checkbox"/> |
|---|---------|-------------------------|--|

ADDITIONAL INTEREST ACORD 45 attached for additional names

| | | |
|--|--|---|
| INTEREST | NAME AND ADDRESS RANK: EVIDENCE: CERTIFICATE | INTEREST IN ITEM NUMBER |
| <input type="checkbox"/> LOSS PAYEE <input checked="" type="checkbox"/> MORTGAGEE | P/R Mortgage & Investment Corp. and the 11555 N. Meridian Street Carmel IN 46032 REFERENCE / LOAN#: | LOCATION: 1 BUILDING: 1 ITEM CLASS: ITEM: ITEM DESCRIPTION AI / LP / Mortgagee |

AGENCY CUSTOMER ID: 00009118

ADDITIONAL PREMISES INFORMATION

| | |
|---------------|-----------------------------------|
| PREMISES #2 | STREET ADDRESS: 400 West Parkwood |
| BUILDING #: 1 | BLDG DESCRIPTION: Shopping Center |

| SUBJECT OF INSURANCE | AMOUNT | COINS % | VALUATION | CAUSES OF LOSS | INFLATION GUARD % | DED | DED TYPE | BLKT # | FORMS AND CONDITIONS TO APPLY |
|----------------------|-----------|---------|-----------|--------------------|-------------------|---------|----------|--------|-------------------------------|
| Building | 3,000,000 | | RC | Special (Including | | 100,000 | | | 5% Wind Hail |
| Loss of Rents | 709,853 | | ALS | Special (Including | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

| | | |
|------------------------|--|--|
| ADDITIONAL INFORMATION | BUSINESS INCOME / EXTRA EXPENSE - Attach ACORD 810 | VALUE REPORTING INFORMATION - Attach ACORD 811 |
|------------------------|--|--|

ADDITIONAL COVERAGES, OPTIONS, RESTRICTIONS, ENDORSEMENTS AND RATING INFORMATION

| | | | | |
|--------------------------|---------------------------------|---------------|------------------------------|---|
| SPOILAGE COVERAGE (Y/N) | DESCRIPTION OF PROPERTY COVERED | LIMIT \$ | REFRIG MAINT AGREEMENT (Y/N) | OPTIONS |
| <input type="checkbox"/> | | DEDUCTIBLE \$ | <input type="checkbox"/> | <input type="checkbox"/> BREAKDOWN OR CONTAMINATION <input type="checkbox"/> POWER OUTAGE <input type="checkbox"/> SELLING PRICE |

| | | | |
|--|-----------------|-----------------|-----------|
| SINKHOLE COVERAGE (Required in Florida) | ACCEPT COVERAGE | REJECT COVERAGE | LIMIT: \$ |
| MINE SUBSIDENCE COVERAGE (Required in IL, IN, KY and WV) | ACCEPT COVERAGE | REJECT COVERAGE | LIMIT: \$ |

PROPERTY HAS BEEN DESIGNATED AN HISTORICAL LANDMARK

OF OPEN SIDES ON STRUCTURE: 0

| CONSTRUCTION TYPE | DISTANCE TO HYDRANT | FIRE STAT | FIRE DISTRICT | CODE NUMBER | PROT CL | # STORIES | # BASMTS | YR BUILT | TOTAL AREA |
|-------------------------|---------------------|-----------|---------------|-------------|---------|-----------|----------|----------|------------|
| Masonry Non-Combustible | FT | MI | | | | 1 | 0 | 1997 | 39564 |

| | | | | |
|---|-----------------|----------------|---|-----------------------|
| BUILDING IMPROVEMENTS | BLDG CODE GRADE | TAX CODE | ROOF TYPE | OTHER OCCUPANCIES |
| <input checked="" type="checkbox"/> WIRING, YR: 2006 <input checked="" type="checkbox"/> PLUMBING, YR: 2006 | | | Tar & Gravel | |
| <input checked="" type="checkbox"/> ROOFING, YR: 2006 <input checked="" type="checkbox"/> HEATING, YR: 2006 | WIND CLASS | SEMI-RESISTIVE | HEATING SOURCE INCL WOODBURNING STOVE OR FIREPLACE INSERT | DATE INSTALLED: _____ |
| OTHER: YR: 2006 | RESISTIVE | | MANUFACTURER: _____ | |

| | |
|---|---|
| PRIMARY HEAT | SECONDARY HEAT |
| <input type="checkbox"/> BOILER <input type="checkbox"/> SOLID FUEL <input type="checkbox"/> IF BOILER, IS INSURANCE PLACED ELSEWHERE? <input type="checkbox"/> Y/N | <input type="checkbox"/> BOILER <input type="checkbox"/> SOLID FUEL <input type="checkbox"/> IF BOILER, IS INSURANCE PLACED ELSEWHERE? <input type="checkbox"/> Y/N |

| | | | |
|---------------------------|--------------------------|---------------------------|--------------------------|
| RIGHT EXPOSURE & DISTANCE | LEFT EXPOSURE & DISTANCE | FRONT EXPOSURE & DISTANCE | REAR EXPOSURE & DISTANCE |
|---------------------------|--------------------------|---------------------------|--------------------------|

| | | | |
|--------------------|---------------|-----------------|--|
| BURGLAR ALARM TYPE | CERTIFICATE # | EXPIRATION DATE | CENTRAL STATION <input type="checkbox"/> LOCAL GONG <input type="checkbox"/> |
| | | | WITH KEYS |

| | | | | |
|---|--------|-------|---------------------|---------------------------------------|
| BURGLAR ALARM INSTALLED AND SERVICED BY | EXTENT | GRADE | # GUARDS / WATCHMEN | CLOCK HOURLY <input type="checkbox"/> |
|---|--------|-------|---------------------|---------------------------------------|

| | | | |
|---|---------|-------------------------|--|
| PREMISES FIRE PROTECTION (Sprinklers, Standpipes, CO2 / Chemical Systems) | % SPRNK | FIRE ALARM MANUFACTURER | CENTRAL STATION <input type="checkbox"/> LOCAL GONG <input type="checkbox"/> |
|---|---------|-------------------------|--|

ADDITIONAL INTEREST ACORD 45 attached for additional names

| | | | | | |
|---|--------------------------------|-------|-----------|-------------|-------------------------|
| INTEREST | NAME AND ADDRESS | RANK: | EVIDENCE: | CERTIFICATE | INTEREST IN ITEM NUMBER |
| <input type="checkbox"/> LOSS PAYEE | American National Insurance Co | | | | LOCATION: 2 BUILDING: 1 |
| <input checked="" type="checkbox"/> MORTGAGEE | 2525 South Shore Blvd | | | | ITEM CLASS: ITEM: |
| | League City TX 77573 | | | | ITEM DESCRIPTION |
| | REFERENCE / LOAN#: _____ | | | | |

REMARKS (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

**CERTAIN UNDERWRITERS AT LLOYD'S
DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE
As Related to Terrorism (T3) Offer**

INSURED: Commerce Equities Inc **Account ID:** 455206

LIMITS: As per the attached quote.

(This TRIA offer is in conjunction with the Terrorism (T3) offer from Lloyds including Certified and non-Certified Terrorism)

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Any coverage you purchase for 'acts of terrorism' shall expire at 12:00 midnight December 31, 2020, the date on which the TRIA Program is scheduled to terminate unless the TRIA Program is reauthorized or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020; OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

| | |
|---|---|
| | I hereby elect to purchase coverage for acts of terrorism for a prospective premium of \$579 (premium is included in the minimum & deposit premium noted on the Authorization attached. Premium shown here is the TRIA portion of the full Certified and Non-Certified Terrorism (T3) offer.) |
| ✓ | I hereby elect to have coverage for acts of terrorism excluded from my policy. I understand that I will have no coverage for losses arising from acts of terrorism. |

DocuSigned by:
Matt Dilick
Policy: E66C3334F018429 ture

Various Underwriters at Lloyd's
On behalf of certain underwriters at Lloyd's

Matt Dilick
Print Name

Policy Number

5/12/2017
Date

TERRORISM OPTIONS

The Insured has 3 choices regarding Terrorism coverage:

1. Accept Terrorism (T3) which is Certified TRIA and Non-certified terrorism.

This coverage is described and defined by the Terrorism (T3) Endorsement and the Terrorism (T3) premium is included in the Lloyd's Property Premium. If the Insured chooses Terrorism (T3), they should reject the TRIA Notices for all carriers, except the Lloyd's Notice that is specifically for TRIA as part of Terrorism (T3). They should elect to purchase coverage on that Notice. Note that this Lloyd's Terrorism (T3) Notice only shows the TRIA portion of the total Terrorism (T3) premium. If TRIA is not available, all Terrorism is considered Non-certified terrorism.

Terrorism (T3) coverage is for the full policy term and may have a sublimit.

Note that in addition to the PROPERTY EXCLUDED stated elsewhere in the Terrorism (T3) Endorsement, this Terrorism (T3) coverage shall not cover the following Property:

a. Property located in the downtown business districts (specific zip codes) of:

Boston, MA: : 02108, 02109, 02110, 02111, 02113, 02114, 02203, 02210, 02211, 02212, & 02222.
San Francisco, CA: 94104, 94105 & 94111
Washington, DC: 20001, 20002, 20003, 20004, 20005, 20006, 20024, 20036, 20037, 20045, 20059, 20201, 20260, 20319, 20401, 20407, 20410, 20418, 20500, 20503, 20515, 20530, 20549, & 20560.

Manhattan, NY: 10002, 10004, 10005, 10006, 10007, 10013, 10038 10048, 10280, & 10282.

- b. Buildings with values greater than \$250,000,000.
- c. Buildings or Locations where animal testing is conducted.
- d. Embassies and other Government occupied buildings, except State and Local Municipalities and/or hospitals.
- e. Abortion Clinics.
- f. Property located in the U.S. Virgin Islands.
- g. Property in Transit not on the Insured's premises.

2. Accept only TRIA coverage, if available.

This coverage is provided by each carrier individually for its respective TRIA premium, as stated under each carriers' Property Premium. The Insured will need to accept the TRIA Notices for each carrier and reject the Lloyd's Terrorism (T3) Notice.

TRIA coverage is for the limits as stated in the quote.

3. Reject all Terrorism coverage.

The Insured should reject all Terrorism Notices. Since the Terrorism (T3) premium was included in the Lloyd's Property Premium, the return premium for the rejection of the Terrorism (T3) coverage is stated under the Options on the Quote.

DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

INSURED: Commerce Equities Inc

Account ID: 455206

LIMITS: As per the attached Authorization or Indication

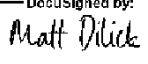
You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Any coverage you purchase for 'acts of terrorism' shall expire at 12:00 midnight December 31, 2020, the date on which the TRIA Program is scheduled to terminate unless the TRIA Program is reauthorized or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

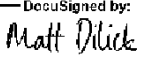
YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020; OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

| | |
|-------------------------------------|---|
| <input type="checkbox"/> | I hereby elect to purchase coverage for acts of terrorism for a prospective premium of \$8029 |
| <input checked="" type="checkbox"/> | I hereby elect to have coverage for acts of terrorism excluded from my policy. I understand that I will have no coverage for losses arising from acts of terrorism. |

DocuSigned by:

 Policy# E66C3334F018429...
 Signature
 Matt Dilick
 Print Name
 5/12/2017
 Date

This notice applies to the following carriers and their respective participation quoted herein:
 Certain Underwriters at Lloyds
 Indian Harbor Insurance Company
 QBE Specialty Insurance Co.
 Steadfast Insurance Company
 General Security Indemnity Company of Arizona
 United Specialty Insurance Company
 Princeton Excess and Surplus Lines Insurance Co
 International Insurance Company of Hannover

| | | |
|--|----------------------------|--------------------|
| AmRisc, LLC | <u>Flood Notice</u> | AR FN 04 11 |
| <p>If the policy issued by AmRisc, LLC excludes Flood, the following shall apply:</p> <p style="text-align: center;"><u>Flood Exclusion Acknowledgement</u></p> <p>I understand the policy issued by AmRisc, LLC does NOT provide coverage for loss or damage caused by or resulting from Flood, including any flooding and/or storm surge associated with windstorm events.</p> <p>I understand that Flood insurance can be purchased elsewhere from a private flood insurer or the National Flood Insurance Program.</p> <p>It is strongly recommended that Insureds in "Special Flood Hazard Areas" or areas subject to Flooding, including flooding and/or storm surge from windstorm events, obtain Flood coverage.</p> <p>I also understand that execution of this form does NOT relieve me of any obligation that I may have to my mortgagees or lenders to purchase Flood insurance.</p> | | |
| <p>If the policy issued by AmRisc, LLC includes Flood, the following shall apply:</p> <p style="text-align: center;"><u>Flood Coverage</u></p> <p>I understand the policy issued by AmRisc, LLC does provide coverage for loss or damage caused by or resulting from Flood, including any flooding and/or storm surge associated with windstorm events.</p> <p>I understand that loss or damage caused by or resulting from Flood, including any flooding and/or storm surge associated with windstorm events, will be subject to the Flood sublimit stated elsewhere in the policy</p> | | |
| <p>I understand that if I do not sign this form that my application for coverage may be denied or that my policy issued by AmRisc, LLC may be cancelled or non-renewed. I have read and I understand the information above.</p> <p>Named Insured: Commerce Equities Inc Account No.: 455206</p> <p>DocuSigned by:  _____ Pol... <small>E66C3384F018429...</small>'s Signature</p> <p> Matt Dilick _____ Print Name</p> <p> 5/12/2017 _____ Date</p> | | |

AmRISC Property Application and Statement of Values



Unless notified otherwise, completion of this form replaces the application, statement of values, hard copy loss runs and formally executed loss letters. This form contains the information submitted to date. The form must be completed, signed and returned for underwriter's review and acceptance within 30 days of inception. Any inaccurate information identified on the returned form is automatically deemed noted and agreed by underwriters upon receipt, so please return as soon as possible.

Named Insured: Commerce Equities Inc **Account ID:** 455206
Mailing Address: 11144 Fuqua St #200 Houston TX 77089
Nature of business: Apartments/LES RISK

| Loc No. | Address | City | State | Zip | Building Area (Sq. ft.) | % Automatic Sprinklers | Original Year Built | ISO Const. (1 to 6) | No. of buildings | Initial each Section |
|----------------|----------------------------------|------|-------|-----|-------------------------|------------------------|---------------------|---------------------|------------------|----------------------|
| 1 | Per Schedule on file with AmRisc | | | | | | | | | MD |
| 2 | | | | | | | | | | |
| 3 | | | | | | | | | | |
| 4 | | | | | | | | | | |
| 5 | | | | | | | | | | |
| 6 | | | | | | | | | | |
| Totals: | | | | | 286,208 | 0% | | | 20 | |

If you have any questions regarding the type of construction or other information, discuss with your agent prior to signing this application.

| Valuation: | RCV | RCV | ALS | | |
|----------------|----------------------------------|--------------|-----------|-------------|--------------|
| Coins: | N/A | N/A | N/A | | |
| Loc No. | Building | BPP | Rents | Loc TIV | |
| 1 | Per Schedule on file with AmRisc | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| Totals: | | \$19,700,580 | \$200,000 | \$3,267,663 | \$23,168,243 |

These values often form the basis of the policy's limit of liability. Please review carefully.

List ALL losses caused by requested perils for the prior 5 years that did or may exceed the specified threshold. Please add any losses if not listed. Incomplete loss history is considered material and may void coverage. Threshold: \$0

| DOL | Description/COL | Incurred | Status (O/C) | DOL | Description/COL | Incurred | Status (O/C) |
|----------|-----------------|----------|--------------|-----|-----------------|----------|--------------|
| 04/18/16 | Water Leak | \$42,504 | O | | | | |
| 05/28/15 | Water | \$8,445 | O | | | | |
| | | | | | | | |
| | | | | | | | |

| | | | |
|---|----|---|----|
| Has any policy or coverage been declined, cancelled or non-renewed during the prior 3 years (not applicable in MO.) | NO | Has any applicant been convicted of arson in the past 10 years? | NO |
| Is the applicant a S-Chapter Corporation, partnership or any other type of sole proprietor organization? | NO | Any bankruptcies or tax credit liens against applicant in prior 5 years? | NO |
| Does the applicant have any reason that they would not be aware of all losses for the prior 5 years? | NO | Has net income been negative for 2 of the past 3 years? If so, please attach financials or tax returns for 3 years. | NO |
| For apartments, are there any HUD managed or Section 8 developments? | NO | If habitational, is there any aluminum distribution wiring? | NO |

Explain any Yes answers. If necessary, add additional pages, which are hereby made part of the application.

Warranties:
 Warrant no losses last 5 years on properties to be covered unless specified in AmRisc Application.
 Warrant no expiring AmRisc markets that are quoted herein unless exception by the underwriter.
 Warrant no EIFS Construction.

List any Discrepancies. Discrepancies received by underwriters prior to a loss shall be deemed noted and agreed by underwriters. However, additional premium may be charged as of the date the information is received by underwriters.

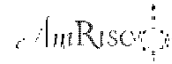
Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree. Severe cancellation penalties apply to CAT exposed property - Form is available upon request. Carriers' participation may change prior to binding or throughout the coverage period.

To the best knowledge of the applicant and the producer, the above information is true and complete. Initial each Section.

Applicant Printed Name: _____ Title: _____
 Applicant Signature: _____ Date: 5/15/17
 Producer Printed Name: Andrew Meyer Date: 5-15-17
 Producer Signature: _____

Initial Each Section Above _____ AR APP 11 09

Surplus Lines Statement



5/15/2017
 Todd Guilbeau
 CRC Insurance Services Inc.
 tguilbeau@crcins.com

RE: Commerce Equities Inc

Account ID: 455206

| Policy #: | Company: |
|-----------------------|---|
| AMR-59062 | Certain Underwriters at Lloyds |
| AMP7532910-00 | Indian Harbor Insurance Company |
| MSP-24525 | QBE Specialty Insurance Co. |
| CPP6981055 | Steadfast Insurance Company |
| 10T029659-08128-17-00 | General Security Indemnity Company of Arizona |
| USI-21133-00 | United Specialty Insurance Company |
| 7DA3CM0007509-00 | Princeton Excess and Surplus Lines Insurance Co |
| HAN-18388-00 | International Insurance Company of Hannover |
| DRAMPR001545-00 | Old Republic Union Insurance Company |

This policy is being written on a surplus lines basis in a state where the above listed companies are not licensed.

It is your responsibility to arrange for applicable tax filings as well as the payment of the state taxes and/or stamping fee on the policy.

Please acknowledge that you understand this requirement of the Insurance Department for placing surplus lines business out of state by completing the statement below.

Very truly yours,

Sam McBlrney
 AmRisc, LP

The producer signing below is hereby responsible for applicable surplus lines filings and the payment of state taxes and fees on this policy.

The producer hereby represents that all Due Diligence statements required by law have been satisfactorily completed and obtained and will be kept on file by the filing broker. Such Due Diligence statements shall be transmitted to AmRisc or their assigns upon request.

The producer hereby represents that all Surplus Lines taxes and fees shall be stamped or otherwise identified in a prominent manner on the evidence of coverage in accordance with applicable laws and regulations.

 Producer Signature

Arrangements have been made for such filing (premium by state breakdown attached) and payment with:

Please check if Home State Filing: Identify State: _____ Please fill in License Information below:

| | State 1 | State 2 | State 3 | State 4 | Home State |
|------------------------|------------------------|---------|---------|---------|------------|
| State | TX | | | | |
| SL Broker Information: | | | | | |
| Name | Todd Guilbeau | | | | |
| Company | CRC Insurance Services | | | | |
| License Number | 78530 | | | | |
| Street Address | One Metroplex Ln #400 | | | | |
| City | Birmingham | | | | |
| State | AL | | | | |
| Zip Code | 35209 | | | | |
| Email Address | tguilbeau@crcins.com | | | | |
| Phone Number | 713425-8959 | | | | |

NOTE: A copy of this executed form must be received in our office as a condition of binding.



May 16, 2017

**CONFIRMATION OF COVERAGE BOUND
(BINDER CONFIRMATION)**

Andrew Tyron
Highpoint Insurance Group, LLC
1150 Clearlake City Blvd
#201
Houston, TX 77062

RE: Commerce Equities, Inc

Policy#: AMR59062
AMP753291000
MSP24525
CPP8981055
10T029659081281700
USI2113300
7DA3CM000750900
HAN1838800
ORAMPR00154500

Effective 5/15/2017 to 5/15/2018

Dear Andrew:

We are pleased to confirm the attached binder for **PROPERTY** being offered with **Underwriters at Lloyds; Indian Harbor Insurance Company; QBE Specialty Insurance Co.; Steadfast Insurance Company; General Security Indemnity Company of Arizona; United Specialty Insurance Company; Princeton Excess and Surplus Lines Insurance Co.; International Insurance Company of Hannover; Old Republic Union Insurance Company.** These carriers are **Non-Admitted** in the state of **TX**. Please note that this binder is based on the coverage, terms and conditions as stated in the attached binder, which may be different from those requested in your original submission. As you are the representative of the Insured, it is incumbent upon you to review the terms of this binder carefully with your Insured, and reconcile any differences from the terms requested in the original submission. CRC Insurance Services, Inc. disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms bound as per the attached and those terms originally requested. This coverage may not be bound without a fully executed CRC brokerage agreement.

NOTE: If insured is located outside your resident state, we must have a copy of your non-resident license on file.

Mailing Address: 11144 Fuqua Street #200
Houston, TX

Physical Address: 11144 Fuqua Street #200,
Houston, TX 77089

Please note:

Guaranty Fund Nonparticipation Notice

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.

EXHIBIT 3

Coverage as bound per the attached. Premium and Commission are as follows:

| | |
|----------------------------------|--------------------|
| GRAND TOTAL PREMIUM: | \$89,000.00 |
| GRAND TOTAL TRIA PREMIUM: | REJECTED |
| GRAND TOTAL AMRISC FEE: | \$1,000.00 |
| GRAND TOTAL BROKER FEE: | \$5,000.00 |
| GRAND TOTAL STATE TAX: | \$4,521.75 |
| GRAND TOTAL STAMPING FEE: | \$139.85 |
| GRAND TOTAL: | \$97,893.60 |

Tax Filings are the responsibility of: ()Your Agency(X)CRC () Not Applicable

Commission: 10%

CRC is compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. Some insurance companies pay brokers supplemental commissions (sometimes referred to as “contingent commissions” or “incentive commissions”), which is compensation that is based on a broker's performance with that carrier. These supplemental commissions may be based on volume, profitability, retention, growth or other measures. Even if a contingent commission agreement exists with a carrier, we recognize that our responsibility is to promote the best interests of the policyholder in the selection of an insurance company. For more information on CRC's compensation, please contact your CRC broker.

Financing Insurance Premiums

Premium financing budgets insurance payments and improves liquidity for other business objectives: working capital, business growth, building expansion.

If your clients choose to pay their insurance in monthly installments, it's fast and easy with AFCO & Prime Rate Insurance Premium Finance Companies, which are affiliates of CRC. AFCO provides premium financing solutions for large and mid-size corporate accounts; Prime Rate offers solutions for smaller commercial and personal lines.

Find out how premium financing works and how it can expand your relationship with your clients by e-mailing premiumfinance@afco.com; or **call toll- free 866-669-0937** and **press 81**. Additional information is available at www.afco.com and www.primeratepfc.com.

Should you have any questions, please feel free to contact our office.

Sincerely,

Todd Guilbeau
713-532-4111
tguilbeau@crcins.com
5514361

CONFIDENTIAL

EXHIBIT 3

Figure: 28 TAC §1.601(a)(3):

1 IMPORTANT NOTICE

AVISO IMPORTANTE

To obtain information or make a complaint:

Para obtener informacion o para someter una queja:

2 You may contact your (title) at (telephone number).

Puede comunicarse con su (title) al (telephone number).

3 You may call (company)'s toll-free telephone number for information or to make a complaint at:

Usted puede llamar al numero de telefono gratis de (company)'s para informacion o para someter una queja al:

1-XXX-XXX-XXXX

1-XXX-XXX-XXXX

4 You may also write to (company) at:

Usted tambien puede escribir a (company):

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

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

1-800-252-3439

6 You may write the Texas Department of Insurance:

Puede escribir al Departamento de Seguros de Texas:

P. O. Box 149104

P. O. Box 149104

Austin, TX 78714-9104

Austin, TX 78714-9104

Fax: (512) 490-1007

Fax: (512) 490-1007

Web: <http://www.tdi.state.tx.us>

Web: <http://www.tdi.state.tx.us>

E-mail: ConsumerProtection@tdi.state.tx.us

E-mail: ConsumerProtection@tdi.state.tx.us

7 PREMIUM OR CLAIM DISPUTES: Should you have a dispute concerning your premium or about a claim you should contact the (agent) (company) (agent or the company) first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

DISPUTAS SOBRE PRIMAS O RECLAMOS: Si tiene una disputa concniente a su prima o a un reclamo, debe comunicarse con el (agente) (la compania) (agente o la compania) primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

8 ATTACH THIS NOTICE TO YOUR POLICY: This notice is for information only and does not become a part or condition of the attached document.

UNA ESTE AVISO A SU POLIZA: Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

Guaranty Fund Nonparticipation Notice

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.

Surplus Lines Agent: CRC Insurance Services, License #18530

Address: 1 Metroplex Drive, Suite 400, Birmingham, AL 35209

| | |
|----------------------------------|------------------------|
| GRAND TOTAL PREMIUM: | \$89,000.00 |
| GRAND TOTAL TRIA PREMIUM: | REJECTED |
| GRAND TOTAL AMRISC FEE: | \$1,000.00 |
| GRAND TOTAL BROKER FEE: | \$5,000.00 |
| GRAND TOTAL STATE TAX: | \$4,521.75 |
| GRAND TOTAL STAMPING FEE: | <u>\$139.85</u> |
| GRAND TOTAL: | \$97,893.60 |



RE: Commerce Equities Inc

BINDER

Comments:

This AmRisc Authorization or AmRisc Binder is based on the coverage, terms and conditions listed herein, which may be different from those requested in your original submission or shown in your produced binder. It is incumbent upon you to review the terms of this AmRisc Authorization or AmRisc Binder carefully with your Insured and reconcile any differences in the terms requested in your original submission or shown in your produced binder. AmRisc, LLC disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms shown in this AmRisc Authorization or AmRisc Binder and those terms requested in your original submission or shown in your Certificates of Insurance or produced binder.

This AmRisc Authorization or AmRisc Binder is based on the information submitted on the AmRisc App-SOV. In the event there is conflicting material information between that information shown on the AmRisc App-SOV and other submitted information (Acord forms/etc), the information as shown on the AmRisc App-SOV shall take precedence.

Re: Commerce Equities Inc
BINDER

Insured's Name:

Commerce Equities Inc
11144 Fuqua St #200
Houston, TX, 77089

Interest (\$): Buildings \$19,700,580
Contents \$200,000
Other Not Covered
Rents \$3,267,663
TIV (\$): \$23,168,243

Eff. Date: 5/15/2017
Exp. Date: 5/15/2018
Operation: Apartments/LES RISK
Carrier: See Attached Carrier Participation

Coin, PD: N/A
Limitation, TE: N/A
Valuation, PD: RCV
Valuation, TE: ALS

Perils Covered: All Risk, excluding Flood & Earth Movement

Flood & Earth Movement, if provided, are aggregate

Limits of Liability: (as per schedule, NOT blanket)

Total Limits of Liability: Per Carrier Participation shown separately; Limits shown are for the largest location.

Deductibles:

AOP \$100,000
Flood Not Covd
Earth Movement Not Covd
Cyber/Data Comp \$10,000 / \$5,000
Wind/Hail \$973,000 Settler's Ranch
\$185,000 Acadiana Shopping Center

Rate (Reference Only): \$0.384
Min & Deposit Premium: \$89,000 MEP: 35%
Optional TRIPRA: REJECTED
AmRisc inspection fee: \$1,000

Standard Endorsements (available upon request):

AR TRIA EXCL 02 15
Standard forms/endts, avail upon req.

Standard Terms & Conditions:

Any Additional or Return Premium under \$500 shall be waived.
This quote is subject to acceptance both sides with NO COVER GIVEN.
Severe cancellation penalties apply to CAT exposed property.

Specific Terms & Conditions:

All Buildings with outstanding damage are excluded. Contact UW if waiver needed.
Coverage explicitly excludes all flooding, including but not limited to flooding during windstorm events.
Roof coverings to be ACV if originally installed or last fully replaced prior to 2005
Coverage excludes all damage directly or indirectly caused by any Named Storm in existence upon AmRisc receipt of written request to bind.

Warranties

Warrant no losses last 5 years on properties to be covered unless specified in AmRisc Application.
Warrant no expiring AmRisc markets that are quoted herein unless exception by the underwriter.
Warrant no EIFS Construction.

Information due at binding OR within 30 days of inception:

Signed AmRisc Application/SOV, Signed Flood Notice, Signed Surplus Lines Statement (**Required at binding**)
Signed TRIA Disclosure Notice(s)

To comply with regulatory provisions, unless the above requested information is received within 30 days, automatic NOC must be sent contingent upon receipt of information.

All quotes and binders are subject to satisfactory inspections, recommendation compliance and financials. Inspections shall be ordered by AmRisc, LLC. All coverages are as per the standard forms and endorsements in use by AmRisc, LLC at the time of binding, unless otherwise noted. Coverage shall exclude any damage due directly or indirectly from any named storm in existence at the time a Request to Bind is received by AmRisc, LLC 30 day (Except 90 day if Compass) NOC, except 10 days for nonpayment of premium or material misstatement; subject to individual State requirements. Carriers' participation may change at the time of binding or throughout the coverage period.

Insured: Commerce Equities Inc
Account No: 455206

Base Form Compass

| Extensions: | Form | Program Sublimits |
|---|-------------------|--------------------------------|
| Earth Movement per occ & ann aggr for all Locations combined; subject to: | Compass | Not Covered |
| Earth Movement per occ & ann aggr: CA, AK & HI | Compass | Not Covered |
| Earth Movement per occ & ann aggr: OR & WA | Compass | Not Covered |
| Earth Movement per occ & ann aggr: New Madrid | Compass | Not Covered |
| Flood, per occ & ann aggr for all Locations combined; subject to: | Compass | Not Covered |
| Flood, per occ & ann aggr: Zones A & V | Compass | Not Covered |
| Accounts Receivable | Compass | \$100,000 |
| Builder's Risks | Compass | \$100,000 |
| Builder's Risks Soft Costs | Compass | \$10,000 |
| Civil or Military Authority, the lesser of | Compass | 30 days max \$100,000 |
| Contingent Time Element; the lesser of | Compass | 60 days max \$100,000 |
| Debris Removal; the lesser of | Compass | 25% / \$5,000,000 |
| Electronic Data and Media | Compass | \$50,000 |
| Errors or Omissions | Compass | \$25,000 |
| Extended Period of Indemnity | Compass | 90 days |
| Extra Expense/Expediting Expense | Compass | \$25,000 |
| Fine Arts | Compass | \$50,000 |
| Fire Brigade Charges | Compass | \$25,000 |
| Fungus, Molds, Mildew, Spores, Yeast (per occ/ann aggr) | Compass | \$15,000 |
| Ingress/Egress | Compass | 30 days max \$50,000 |
| Leased,rented,borrowed,loaned or unscheduled owned Contractors Eqpt | Compass | \$50,000 |
| Any one item | Compass | \$10,000 |
| Leasehold Interest | Compass | \$25,000 |
| Limited Pollution Coverage (Annual Aggregate) | Compass | \$25,000 |
| Lock Replacement | Compass | \$25,000 |
| Miscellaneous Unnamed Locations | Compass | \$25,000 |
| Newly Acquired Property | Compass | 60 days max \$1,000,000 |
| Ordinance or Law: | Compass | |
| Coverage A: | Compass | Incl in Bldg Limit |
| Coverage B: | Compass | 10% per bldg, max \$1M per occ |
| Coverage C: | Compass | Included with Coverage B |
| Coverage D: | Compass | Incl in the TE, if cov'd |
| Coverage E | Compass | Included in the Building Limit |
| Ordinary Payroll | Compass | 30 days |
| Plants, lawns, trees or shrubs | Compass | \$10,000 |
| Any one plant, lawn, tree or shrub | Compass | \$1,000 |
| Professional Fees (Annual Aggregate) | Compass | \$10,000 |
| Reclaiming, restoring or repairing land improvements | Compass | \$10,000 |
| Reward Reimbursement | Compass | \$10,000 |
| Royalties | Compass | \$10,000 |
| Service Interruption (72 hr qualifying period) | Compass | \$50,000 |
| Spillage | Compass | \$10,000 |
| Time Element Monthly Limitation | Compass | N/A |
| Transit | Compass | \$25,000 |
| Underground pipes,flues & drains | Compass | \$25,000 |
| Valuable Papers and Records | Compass | \$100,000 |
| Sinkhole Loss Extension | AR Sinkhole 01 14 | As Per Schedule |
| Full First Comp Attack/Third Party Network Security (Ann Agg) | AR CYB | \$100,000 |
| Data Compromise (Ann Agg) | AR DC | \$50,000 |

OPTIONS:

This AmRisc Authorization or AmRisc Binder is based on the coverage, terms and conditions listed herein, which may be different from those requested in your original submission or shown in your produced binder. It is incumbent upon you to review the terms of this AmRisc Authorization or AmRisc Binder carefully with your Insured and reconcile any differences in the terms requested in your original submission or shown in your produced binder. AmRisc, LLC disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms shown in this AmRisc Authorization or AmRisc Binder and those terms requested in your original submission or shown in your Certificates of Insurance or produced binder.

This AmRisc Authorization or AmRisc Binder is based on the information submitted on the AmRisc App-SOV. In the event there is conflicting material information between that information shown on the AmRisc App-SOV and other submitted information (Acord forms/etc), the information as shown on the AmRisc App-SOV shall take precedence.



RE: Commerce Equities Inc

CARRIER PARTICIPATION

| | Limit | Layer | Attachment | Perils | |
|--|---------------|--------------|------------|--|---|
| Certain Underwriters at Lloyds | | | | | |
| ↑ | \$4,280,846 | \$19,458,390 | ded | A.M. Best/S&P: A XV / A+ AR EXCL NW | Pol/Cert # AMR-59062 Premium: \$19,452 TRIPRA: REJECTED Fee: \$1,000 |
| ↑ | \$4,280,846 | \$19,458,390 | ded | NW | |
| Indian Harbor Insurance Company | | | | | |
| ↑ | \$1,264,795 | \$19,458,390 | ded | A.M. Best/S&P: A XV / A AR EXCL NW | Pol/Cert # AMP7532910-00 Premium: \$5,747 TRIPRA: REJECTED Fee: \$0 |
| ↑ | \$1,264,795 | \$19,458,390 | ded | NW | |
| QBE Specialty Insurance Co. | | | | | |
| ↑ | \$4,475,430 | \$19,458,390 | ded | A.M. Best/S&P: A XV / A+ AR EXCL NW | Pol/Cert # MSP-24525 Premium: \$20,917 TRIPRA: REJECTED Fee: \$0 |
| ↑ | \$4,475,430 | \$19,458,390 | ded | NW | |
| | CYB \$100,000 | \$100,000 | ded | CYB | |
| Steadfast Insurance Company | | | | | |
| ↑ | \$4,280,846 | \$19,458,390 | ded | A.M. Best/S&P: A+ XV / AA- AR EXCL NW | Pol/Cert # CPP8981055 Premium: \$19,452 TRIPRA: REJECTED Fee: \$0 |
| ↑ | \$4,280,846 | \$19,458,390 | ded | NW | |
| General Security Indemnity Company of Arizona | | | | | |
| ↑ | \$1,556,671 | \$19,458,390 | ded | A.M. Best/S&P: A XV / AA- AR EXCL NW | Pol/Cert # 10T029659-08128-17-00 Premium: \$7,074 TRIPRA: REJECTED Fee: \$0 |
| ↑ | \$1,556,671 | \$19,458,390 | ded | NW | |
| United Specialty Insurance Company | | | | | |
| ↑ | \$1,945,839 | \$19,458,390 | ded | A.M. Best/S&P: A VIII / na AR EXCL NW | Pol/Cert # USI-21133-00 Premium: \$8,842 TRIPRA: REJECTED Fee: \$0 |
| ↑ | \$1,945,839 | \$19,458,390 | ded | NW | |
| Princeton Excess and Surplus Lines Insurance Co | | | | | |
| ↑ | \$583,752 | \$19,458,390 | ded | A.M. Best/S&P: A+ XV / AA- AR EXCL NW | Pol/Cert # 7DA3CM0007509-00 Premium: \$2,653 TRIPRA: REJECTED Fee: \$0 |
| ↑ | \$583,752 | \$19,458,390 | ded | NW | |
| International Insurance Company of Hannover | | | | | |
| ↑ | \$681,044 | \$19,458,390 | ded | A.M. Best/S&P: A+ XV / AA- AR EXCL NW | Pol/Cert # HAN-18388-00 Premium: \$3,095 TRIPRA: REJECTED Fee: \$0 |
| ↑ | \$681,044 | \$19,458,390 | ded | NW | |
| Old Republic Union Insurance Company | | | | | |
| ↑ | \$389,168 | \$19,458,390 | ded | A.M. Best/S&P: A VII / A+ AR EXCL NW | Pol/Cert # ORAMPR001545-00 Premium: \$1,768 TRIPRA: REJECTED Fee: \$0 |
| ↑ | \$389,168 | \$19,458,390 | ded | NW | |

* Company Ratings stated above reflect our best efforts for updating the information, but may be out of date at the time of this quote or binder. Financial Review is the responsibility of the Insured.

AmRISC Property Application and Statement of Values



Unless notified otherwise, completion of this form replaces the application, statement of values, hard copy loss runs and formally executed loss letters. This form contains the information submitted to date. The form must be **completed**, signed and returned for underwriter's review and acceptance **within 30 days of inception**. Any inaccurate information identified on the returned form is automatically deemed noted and agreed by underwriters upon receipt, so **please return as soon as possible**.

Named Insured: Commerce Equities Inc **Account ID:** 455206
Mailing Address: 11144 Fuqua St #200 Houston TX 77089
Nature of business: Apartments/LES RISK

| Loc No. | Address | City | State | Zip | Building Area (Sq. ft.) | % Automatic Sprinklers | Original Year Built | ISO Const. (1 to 6) | No. of buildings | Initial each Section |
|----------------|----------------------------------|------|-------|-----|-------------------------|------------------------|---------------------|---------------------|------------------|----------------------|
| 1 | Per Schedule on file with AmRisc | | | | | | | | | Initial each Section |
| 2 | | | | | | | | | | |
| 3 | | | | | | | | | | |
| 4 | | | | | | | | | | |
| 5 | | | | | | | | | | |
| 6 | | | | | | | | | | |
| Totals: | | | | | 286,208 | 0% | | | 20 | |

If you have any questions regarding the type of construction or other information, discuss with your agent prior to signing this application.

| Valuation: | RCV | RCV | ALS | | |
|----------------|----------------------------------|--------------|-----------|-------------|--------------|
| Coins: | N/A | N/A | N/A | | |
| Loc No. | Building | BPP | Rents | Loc TIV | |
| 1 | Per Schedule on file with AmRisc | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| Totals: | | \$19,700,580 | \$200,000 | \$3,267,663 | \$23,168,243 |

These values often form the basis of the policy's limit of liability. Please review carefully.

List ALL losses caused by requested perils for the prior 5 years that did or may exceed the specified threshold. Please add any losses if not listed. Incomplete loss history is considered material and may void coverage. **Threshold: \$0**

| DOL | Description/COL | Incurred | Status (O/C) | DOL | Description/COL | Incurred | Status (O/C) |
|----------|-----------------|----------|--------------|-----|-----------------|----------|--------------|
| 04/18/16 | Water Leak | \$42,504 | O | | | | |
| 05/26/15 | Water | \$8,445 | O | | | | |
| | | | | | | | |
| | | | | | | | |

| | | | |
|---|-----------|---|-----------|
| Has any policy or coverage been declined, cancelled or non-renewed during the prior 3 years (not applicable in MO.) | NO | Has any applicant been convicted of arson in the past 10 years? | NO |
| Is the applicant a S-Chapter Corporation, partnership or any other type of sole proprietor organization? | NO | Any bankruptcies or tax credit liens against applicant in prior 5 years? | NO |
| Does the applicant have any reason that they would not be aware of all losses for the prior 5 years? | NO | Has net income been negative for 2 of the past 3 years? If so, please attach financials or tax returns for 3 years. | NO |
| For apartments, are there any HUD managed or Section 8 developments? | NO | If habitational, is there any aluminum distribution wiring? | NO |

Explain any Yes answers. If necessary, add additional pages, which are hereby made part of the application.

Warranties:

Warrant no losses last 5 years on properties to be covered unless specified in AmRisc Application.
Warrant no expiring AmRisc markets that are quoted herein unless exception by the underwriter.
Warrant no EIFS Construction.

List any Discrepancies. Discrepancies received by underwriters prior to a loss shall be deemed noted and agreed by underwriters. However, additional premium may be charged as of the date the information is received by underwriters.

Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree. Severe cancellation penalties apply to CAT exposed property - Form is available upon request. Carriers' participation may change prior to binding or throughout the coverage period.

To the best knowledge of the applicant and the producer, the above information is true and complete. Initial each Section.

Applicant Printed Name _____ Title _____ Producer Printed Name _____

Applicant Signature _____ Date _____ Producer Signature _____ Date _____

Initial Each Section Above _____ AR APP 11 09

DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

INSURED: Commerce Equities Inc

Account ID: 455206

LIMITS: As per the attached Authorization or Indication

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Any coverage you purchase for 'acts of terrorism' shall expire at 12:00 midnight December 31, 2020, the date on which the TRIA Program is scheduled to terminate unless the TRIA Program is reauthorized or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020; OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

| | |
|--------------------------|---|
| <input type="checkbox"/> | I hereby elect to purchase coverage for acts of terrorism for a prospective premium of REJECTED |
| <input type="checkbox"/> | I hereby elect to have coverage for acts of terrorism excluded from my policy. I understand that I will have no coverage for losses arising from acts of terrorism. |

Policyholder/Applicant's Signature

Print Name

Date

This notice applies to the following carriers and their respective participation quoted herein:

- Certain Underwriters at Lloyds
- Indian Harbor Insurance Company
- QBE Specialty Insurance Co.
- Steadfast Insurance Company
- General Security Indemnity Company of Arizona
- United Specialty Insurance Company

Princeton Excess and Surplus Lines Insurance Co
International Insurance Company of Hannover

If the policy issued by AmRisc, LLC excludes Flood, the following shall apply:

Flood Exclusion Acknowledgement

I understand the policy issued by AmRisc, LLC does NOT provide coverage for loss or damage caused by or resulting from Flood, including any flooding and/or storm surge associated with windstorm events.

I understand that Flood insurance can be purchased elsewhere from a private flood insurer or the National Flood Insurance Program.

It is strongly recommended that Insureds in "Special Flood Hazard Areas" or areas subject to Flooding, including flooding and/or storm surge from windstorm events, obtain Flood coverage.

I also understand that execution of this form does NOT relieve me of any obligation that I may have to my mortgagees or lenders to purchase Flood insurance.

If the policy issued by AmRisc, LLC includes Flood, the following shall apply:

Flood Coverage

I understand the policy issued by AmRisc, LLC does provide coverage for loss or damage caused by or resulting from Flood, including any flooding and/or storm surge associated with windstorm events.

I understand that loss or damage caused by or resulting from Flood, including any flooding and/or storm surge associated with windstorm events, will be subject to the Flood sublimit stated elsewhere in the policy

I understand that if I do not sign this form that my application for coverage may be denied or that my policy issued by AmRisc, LLC may be cancelled or non-renewed. I have read and I understand the information above.

Named Insured: Commerce Equities Inc
Account No.: 455206

Policyholder/Applicant's Signature

Print Name

Date

Premium by State Breakdown

Insured Name: Commerce Equities, Inc
 Account ID: 455206

The premium breakdown below is for state tax filing purposes only and represent all states that are material to the schedule as submitted. All other taxes are allocated to the key state, except Kentucky shall be shown separately. The actual rates for individual locations or exposures are subject to underwriter review and approval for any addition or deletion of exposure. Any TRIA or GL Premium is not included below and shall be broken down by state in the same proportion as the premium shown below.

| State | AMR-59062 | AMP7532910-00 | Indian Harbor Insurance Company | QBE Speciality Insurance Co. MSP-24525 | Steadfast Insurance Company CFP981055 | General Security Indemnity Company of Arizona 0T029659-08128-17-0 | United Speciality Insurance Company USI-214133-00 | Princeton Excess and Surplus Lines Insurance Co. DA3CM00075093-0 | International Insurance Company of Hannover HAN-18388-00 | Old Republic Union Insurance Company JRAMP001545-0 | Total Premium: |
|-------|-------------|---------------|---------------------------------|--|---------------------------------------|---|---|--|--|--|----------------|
| TX | \$19,452.00 | \$5,747.00 | \$5,747.00 | \$20,917.00 | \$19,452.00 | \$7,074.00 | \$8,842.00 | \$2,653.00 | \$3,095.00 | \$1,768.00 | \$89,000 |





Regular Mail Lock Box Address:
 P.O. Box 95236
 Grapevine, TX 76099-9752

Overnight address:
 Lockbox# 95236
 3330 West Royal Lane
 Irving, TX 75063-6013

Bill To: AGT32873 **Insured:** 14057484

CSR: Robin Scott

Acct Exec: Todd Guilbeau

May 16, 2017

Submission No: 5514361

Highpoint Insurance Group, LLC
 1150 Clearlake City Blvd #201
 Houston, TX 77062

Master Invoice Number: 1852979

Payment Due on : 6/5/2017

Insured: Commerce Equities, Inc

Policy Numbers : See Below

Effective : 5/15/2017 to 5/15/2018

| | Gross Amount | Comm(\$) | Net Due |
|--------------------------|---------------------|-----------------|----------------|
| Premium | \$89,000.00 | \$8,900.00 | \$80,100.00 |
| Inspection Fee - Company | \$1,000.00 | | \$1,000.00 |
| Policy Fee | \$5,000.00 | | \$5,000.00 |
| Surplus Lines Tax | \$4,607.50 | | \$4,607.50 |
| Stamping Office Fee | \$142.50 | | \$142.50 |

| Company | Policy Number | Invoice# |
|--|----------------------|-----------------|
| Underwriters at Lloyd's - Contract Facilities | AMR59062 | 1852979 |
| Indian Harbor Insurance Company | AMP753291000 | 1852993 |
| QBE Specialty Insurance Company | MSP24525 | 1853055 |
| Steadfast Insurance Company | CPP8981055 | 1853060 |
| General Security Indemnity Company of Arizona | 10T029659081281700 | 1853096 |
| United Specialty Insurance Company | USI2113300 | 1853631 |
| Princeton Excess & Surplus Lines Insurance Company | 7DA3CM000750900 | 1853646 |
| International Insurance Company of Hannover SE | HAN1838800 | 1853656 |
| Old Republic Union Insurance Company | ORAMPR00154500 | 1853671 |

| Amount Invoiced | Comm% | Commission | Net Due |
|------------------------|--------------|-------------------|----------------|
| \$99,750.00 | 10 | \$8,900.00 | \$90,850.00 |