

POULTON ASSOCIATES, INC.

LOCAL – NATIONAL – INTERNATIONAL RISK AND INSURANCE MANAGEMENT

**Broker: Becky Byrom Insurance Agency
(855) 225-3566**

Commercial Property Insurance Binder Confirmation dated December 21st, 2017

We are pleased to confirm the following insurance terms. This binder is being offered on the basis indicated. Please review the binder carefully to ensure the coverage, terms and conditions are as ordered. Any changes are subject to carrier approval by endorsement as your office holds no binding authority. Please ensure that you are familiar with the following wordings and endorsements. It is essential that the applicant is made aware of all terms and conditions of the coverage. The policy dictates the actual terms of coverage, and in the event of a difference the policy prevails.

Policy Number(s): B1180D170003 /049 - 50%
B1180D180371 /001 - 50%

Type: Flood Insurance as more fully described in the policy wording.

Form: Private Flood Insurance Program – Residential Condominium Building Association Form

Insurer: Lloyd's of London, AM Best Rating A XV (Non-Admitted)

Name of Insured: Laguna Nueva Condo Association

Mailing Address of Insured: PO Box 21436, Bullhead City, AZ 86439

Period of Insurance: Effective from 17 January 2018 to 17 January 2019
Both days at 12.01 a.m. Local Standard Time at the location of the Insured Premises

Interest/Sum Insured: \$11,253,200 each and every occurrence and in the annual aggregate, split as follows:
Buildings \$11,253,200 as per schedule attached

Location of property insured: As per schedule attached

Deductible: \$25,000 any one occurrence in respect of flood

Premium: \$42,537 Annual
Broker Fee: \$2,000
AZ SL Tax: \$1,336.11
AZ SL Stamp Fee: \$89.07
Total Due: \$45,962.18
25% Minimum Earned Premium Fees Fully Earned

TRIA Premium: DECLINED

Broker Initial

LEADING
UNDERWRITER
Initial

Conditions: Includes but is not limited to the following terms, conditions and exclusions:

Basis of Valuation: Replacement Cost Value
45 days Cancellation
LMA 3100 Sanction Limitation and Exclusion Clause
LMA 5219 US Terrorism Risk Insurance Act of 2002 as amended – Not purchased clause
LMA 9027 Arizona Surplus Lines Notice
LSW 1001 Several Liability Notice
LSW 1135B Lloyd's Privacy Policy Statement
NMA 1191 Radioactive Contamination Exclusion Clause – Physical Damage - Direct
NMA 2340 Land, Water and Air Exclusion Clause - Seepage and/or Pollution and/or Contamination Exclusion – Debris Removal Endorsement
NMA 2918 War and Terrorism Exclusion Endorsement
NMA 2962 Biological or Chemical Materials Exclusion
Applicable Law naming: Arizona
Conformity Clause

Service of Suit: MENDES & MOUNT,
750 Seventh Ave,
New York,
NY 10019 6829

US Classification: Surplus Lines Poulton Associates
naming: 3785 South 700 East, Salt Lake City, UT, United States
Arizona License #: 3088
US Surplus lines broker is responsible for collecting and paying all surplus lines taxes and fees.

Claim Notification: Poulton
3785 700 East, Salt Lake City, Salt Lake County, Utah 84106, United States

Brokerage: As per contract

Order Hereon: 100% of 100%

Security: Authority Ref. D170003 – Order: 50%

100.0000%	33	HIS
100.0000%		

Authority Ref. D180371 – Order: 50%

18.4000%	4020	ARK
18.4000%	2121	ARG
18.4000%	2987	BRT
18.4000%	1886	QBE
11.0400%	1206	SAL
8.0000%	2003	XLC
7.3600%	780	ADV
100.0000%		

Broker Initial

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UNDERWRITER
Initial

Policy Number: B1180D170003 /049(50%)
B1180D180371 /001(50%)
Insured: Laguna Nueva Condo Association

Information:	Occupancy:	As per Schedule attached
	Construction:	As per Schedule attached
	Stories:	As per Schedule attached
	Flood Zone:	As per Schedule attached
	Firm:	As per Schedule attached
	Elevation:	As per Schedule attached
	Building Diagram:	As per Schedule attached
	Grandfathered:	As per Schedule attached
	Losses:	No known losses 5 years
	Sq. Foot:	As per Schedule attached
	Value/Sq. Foot:	As per Schedule attached
	Distance to Ocean:	212.2
	Year built:	As per Schedule attached
	Updates:	As per Schedule attached
	Occupied or Vacant:	Occupied

Broker Initial

LEADING
UNDERWRITER
Initial

Policy Number: B1180D170003 /049(50%)
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Insured: Laguna Nueva Condo Association

This contract of insurance is based upon the information and representations you provided in your application.

Depending on the type of information and representations that you provided, the proposed contract of insurance includes certain conditions and / or warranties. Kindly review all the contract of insurance documentation, including any binder, declarations page, policy forms and endorsements to familiarize yourself with any conditions and / or warranties included in the contract of insurance. These conditions and / or warranties may require you to take specific actions, to refrain from taking specific actions, to fulfil certain requirements and / or to verify specific facts.

Please be advised that strict compliance with the conditions and / or warranties contained in the contract of insurance is required. If you do not strictly comply with the conditions and / or warranties contained within the contract of insurance, then the insurer may deny or limit coverage for any claim submitted by you under the contract of insurance.

This risk may have been obtained from utilising one or more of a number of underwriting facilities granted to Poulton Associates, Inc. under which a profit commission may or may not become payable to Poulton Associates, Inc.

MATERIAL FACTS

Since an insurance contract is based upon duty of utmost good faith, it is important that those seeking insurance should provide full disclosure of all material facts to insurers and that this information should be kept updated. The courts will find a fact to be 'material' where it would affect the judgment of a prudent Underwriter as to whether or not to accept the risk at the particular terms offered.

The practical advice, which we give to client or producers, is this: If you are in doubt we recommend that you advise the information to insurers.

INFORMATION

These insurance terms have been obtained under a Binding Authority arranged specifically for this type of insurance, and we have not sought alternative quotations in the open market.

Broker Initial

LEADING
UNDERWRITER
Initial

Insured: Laguna Nueva Condo Association

Loc#	Bldg #	Address	City	County	State	Zip	DTW (mi)	Yr. Built	Sq. Foot	Floors	No. Units	Construct.	Occ.	Flood	Bldg Interest	TIV
1	A	1675 Arizona 95	Bullhead City	Mohave	Arizona	86442	212.2	1992	12,000	3	8	Frame	Habitational - Condominium >80% owner occupancy	Zone: AO Firm: Post-firm Elevation: 3.00	1,119,300	1,119,300
1	B	1675 Arizona 95	Bullhead City	Mohave	Arizona	86442	212.2	1992	12,000	3	8	Frame	Habitational - Condominium >80% owner occupancy	Zone: AO Firm: Post-firm Elevation: 3.00	1,119,300	1,119,300
1	G	1675 Arizona 95	Bullhead City	Mohave	Arizona	86442	212.2	1992	18,000	3	8	Frame	Habitational - Condominium >80% owner occupancy	Zone: AO Firm: Post-firm Elevation: 3.00	1,694,000	1,694,000
1	H	1675 Arizona 95	Bullhead City	Mohave	Arizona	86442	212.2	1992	18,000	3	8	Frame	Habitational - Condominium >80% owner occupancy	Zone: AO Firm: Post-firm Elevation: 3.00	1,694,000	1,694,000
1	E	1675 Arizona 95	Bullhead City	Mohave	Arizona	86442	212.2	1992	12,000	3	8	Frame	Habitational - Condominium >80% owner occupancy	Zone: AO Firm: Post-firm Elevation: 3.00	1,119,300	1,119,300
1	F	1675 Arizona 95	Bullhead City	Mohave	Arizona	86442	212.2	1992	12,000	3	8	Frame	Habitational - Condominium >80% owner occupancy	Zone: AO Firm: Post-firm Elevation: 3.00	1,119,300	1,119,300
1	C	1675 Arizona 95	Bullhead City	Mohave	Arizona	86442	212.2	1992	18,000	3	12	Frame	Habitational - Condominium >80% owner occupancy	Zone: AO Firm: Post-firm Elevation: 3.00	1,694,000	1,694,000
1	D	1675 Arizona 95	Bullhead City	Mohave	Arizona	86442	212.2	1992	18,000	3	12	Frame	Habitational - Condominium >80% owner occupancy	Zone: AO Firm: Post-firm Elevation: 3.00	1,694,000	1,694,000
									120,000	24					11,253,200	11,253,200

Broker Initial

LEADING
UNDERWRITER
Initial

Policy Number: B1180D170003 /049
B1180D180371 /001
Insured: Laguna Nueva Condo Association

ENDORSEMENT No. 1

Notwithstanding anything to the contrary contained herein it is understood and agreed that this Policy is subject to the following clause:-

U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED

NOT PURCHASED CLAUSE

This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

LMA5219

12 January 2015

Policy Number: B1180D170003 /049
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Insured: Laguna Nueva Condo Association

ENDORSEMENT No. 2

Notwithstanding anything to the contrary contained herein it is understood and agreed that this Policy is subject to the following clause:-

CLAIM NOTIFICATION CLAUSE (U.S.A.)

The Assured upon knowledge of any occurrence likely to give rise to a claim hereunder shall give immediate advice thereof to the Underwriters through Poulton, 3785 700 East, Salt Lake City, Salt Lake County, Utah 84106, United States.

All other terms and conditions remain unaltered.

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ENDORSEMENT No. 3

Notwithstanding anything to the contrary contained herein it is understood and agreed that this Policy is subject to the following clause:-

CONFORMITY CLAUSE

Notwithstanding anything to the contrary contained herein it is hereby noted and agreed the following Proviso's are applicable hereto:

Wherever the term "Company" appears herein the same shall be deemed to mean "Underwriters".

Wherever the term "Policy" appears herein the same shall be deemed to mean "Certificate".

Wherever the term "Named Insured" or "Assured" appear, these shall be deemed to mean and read the same.

Wherever "US\$", "\$" or "USD" appear herein the same shall be deemed to mean United States Dollars.

All other terms and conditions remain unaltered.

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ENDORSEMENT No. 4

Notwithstanding anything to the contrary contained herein it is understood and agreed that this Policy is subject to the following endorsement:-

MINIMUM EARNED PREMIUM DEFINITION ENDORSEMENT

Notwithstanding anything to the contrary contained herein, in the event that this Policy is cancelled by the Assured the Policy premium is subject to a minimum earned premium calculated in accordance with the minimum earned premium of 25% of the total premium, or the earned premium calculated in accordance with the Short Rate Cancellation Clause as set forth in the certificate provisions, whichever the greater.

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Insured: Laguna Nueva Condo Association

FLOOD INSURANCE
(Buildings only)

INSURING CLAUSE

Subject to the exclusions, limits and conditions hereinafter contained, this Policy insures buildings against physical damage caused by Flood occurring during the period of this Policy as stated in the Schedule attaching to and forming part hereof, (hereinafter referred to as the "Schedule").

Flood shall mean rising water; surface water; waves; tidal waves or tidal water; or overflow of streams, rivers, lakes, ponds, or other bodies of water, but shall not include any consequential loss or damage from any other ensuing peril.

Each loss by flood shall constitute a single claim hereunder, provided if more than one flood shall occur within any period of seventy-two hours during the term of this Policy, such Floods shall be deemed to be a single Flood within the meaning hereof. Underwriters shall not be liable for any loss caused by any Flood occurring before the effective date and time of this Policy, nor for any loss occurring after the expiration date and time of this Policy

LOSSES EXCLUDED

This Policy DOES NOT INSURE AGAINST:-

1. Loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination, however such nuclear reaction, nuclear radiation or radioactive contamination may have been caused.
2. Loss or damage occasioned directly or indirectly by war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power or martial law or confiscation by order of any Government or public authority.
3. Loss or increased cost occasioned by any Civil Authority's enforcement of any ordinance or law regulating the reconstruction, repair or demolition of any property insured hereunder.
4. Loss or damage caused directly or indirectly by mudslide or mudflow, unless such mudslide or mudflow are the direct and immediate result of Flood.
5. Loss or damage caused directly or indirectly by Land subsidence.
6. Loss or damage caused by backing up of Sewers and/or drains; or Seepage of any substance.
7. Loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:
mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This exclusion applies regardless whether there is (i) any physical loss or damage to insured property; (ii) any insured peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

This exclusion replaces and supersedes any provision in the policy that provides insurance, in whole or in part, for these matters.

8. Property in transit.

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9. Property sold by or under encumbrance to the Assured after it leaves the custody of the Assured or an employee of the Assured.
10. Accounts bills, currency, money, notes, securities, deeds, evidence of debt and valuable papers.
11. Aircraft or any other aerial device, watercraft, vehicles designed for highway use, or locomotives or rolling stock designed for railroad use.
12. Animals, plants and living things of all types.
13. Jewellery, precious stones, furs and garments.

PROPERTY EXCLUDED

THIS POLICY DOES NOT COVER:-

1. Land or Land Values.
2. Buildings or structures in process of construction, including materials and supplies therefor.
3. Personal property of any nature.

OTHER INSURANCE

This Policy does not cover any loss or damage which at the time of the happening of such loss or damage is insured by, or would, but for the existence of this Policy, be insured by any other insurance policy or policies either primary or excess.

TERRITORIAL LIMITS

This Policy insures building(s) owned by the Assured and located as described in the Schedule.

SUM INSURED

The Underwriters hereon shall not be liable for more than the sum insured stated in the Schedule in respect of each loss occurrence and in the annual aggregate.

DEDUCTIBLE

Each loss occurrence shall be adjusted separately and from the amount of each such adjusted loss, the sum stated in the Schedule shall be deducted.

DEBRIS REMOVAL

This Policy also covers, within the sum insured, expenses incurred in the removal of debris of buildings covered hereunder which may be directly destroyed or damaged by Flood.

The cost of removal of debris shall not be considered in determination of the valuation of the property covered.

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CONDITIONS

1. VALUATION

It is understood that, in the event of damage, settlement shall be based upon the cost of repairing, replacing or reinstating (whichever is the least) on the same site with material of like kind and quality without deduction for depreciation, subject to the following provisions:-

- (a) The repairs, replacement or reinstatement (all hereinafter referred to as "replacement") must be executed with due diligence and dispatch;
- (b) Until replacement has been effected the amount of liability under this policy in respect of loss shall be limited to the actual cash value at the time of loss;
- (c) If replacement with material of like kind and quality is restricted or prohibited by any by-laws, ordinance or law, any increased cost of replacement due thereto shall not be covered by this Policy.

The Underwriters' liability for loss under this Policy including this endorsement shall not exceed the smallest of the following amounts:-

- (i) the amount of the Policy applicable to the destroyed or damaged property,
- (ii) the replacement cost of the property or any part thereof identical with such property and intended for the same occupancy and use,
- (iii) the amount actually and necessarily expended in replacing said property or any part thereof.

2. NOTIFICATION OF CLAIMS

The Assured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give immediate written advice thereof to the person(s) or Firm named for that purpose in the Schedule.

3. PROOF OF LOSS

The Assured shall render a signed and sworn proof of loss within sixty (60) days after the occurrence of a loss (unless such period be extended by the written agreement of Underwriters) stating the time, place and cause of loss, the interest of the Assured and all others in the property, the sound value thereof and the amount of loss or damage thereto.

4. SUBROGATION

If the Underwriters become liable for any payment under this Policy in respect of loss or damage the Underwriters shall be subrogated, to the extent of such payment, to all the rights and remedies of the Assured against any party in respect of such loss or damage and shall be entitled at their own expense to sue in the name of the Assured. The Assured shall give to the Underwriters all such assistance in his power as the Underwriters may require to secure their rights and remedies and, at Underwriters' request shall execute all documents necessary to enable Underwriters effectively to bring suit in the name of the Assured including the execution and delivery of the customary form of loan receipt.

5. SALVAGE AND RECOVERIES

All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.

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6. FALSE OR FRAUDULENT CLAIMS

If the Assured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void and all claim hereunder shall be forfeited.

7. ABANDONMENT

There shall be no abandonment to the Underwriters of any property.

8. INSPECTION AND AUDIT

The Underwriters shall be permitted but not obligated to inspect the Assured's property at any time. Neither the Underwriters' right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Assured or others, to determine or warrant that such property is safe.

The Underwriters may examine and audit the Assured's books and records at any time during the Policy period and extensions thereof and within three years after the final termination of this Policy, as far as they relate to the subject matter of this Insurance.

9. ASSIGNMENT

Assignment or transfer of this Policy shall not be valid except with the written consent of Underwriters.

10. CANCELLATION

(A) This Policy may be cancelled by the Assured at any time by written notice or by surrender of this Policy. This Policy may also be cancelled by or on behalf of the Underwriters by delivery to the Assured or by mailing to the Assured by registered, certified, or other first class mail, at the Assured's address as shown in this Policy, written notice stating when, not less than 30 days (except non-payment of premium being 10 days) thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice.

(B) In the event that a loss occurs, then, if the Assured shall at any time afterwards cancel, premium shall be considered as having been earned in the same ratio as the claim made bears to the aggregate limit, provided that this does not result in a larger return premium than would have been developed by paragraph (C) immediately following.

(C) In the event that no loss has occurred then if this Policy is cancelled by the Assured then Underwriters shall retain the customary short rate proportion of the premium hereon.

(D) If this Policy is cancelled by or on behalf of the Underwriters, the Underwriters shall retain the pro-rata proportion of the premium hereon.

Payment or tender of any unearned premium by the Underwriters shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

11. CHOICE OF LAW

Policy Number: B1180D170003 /049
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Insured: Laguna Nueva Condo Association

~~This Policy shall be governed by and construed in accordance with the Law of (response). Each party agrees to submit to the exclusive jurisdiction of any competent court within the United States of America. (See LMA 5021)~~

12. SERVICE OF SUIT

~~It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Assured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of the Underwriter's rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States.~~

~~It is further agreed that service of process in such suit may be made upon the person or persons named in the Schedule and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.~~

~~The person or persons named in the Schedule are authorized and directed to accept service of process on behalf of the Underwriters in any such suit and/or upon the request of the Assured to give a written undertaking to the Assured that they will enter a general appearance upon the Underwriters' behalf in the event such a suit shall be instituted.~~

~~Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Assured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above named as the person to whom the said officer is authorized to mail such process or a true copy thereof. (See LMA 5020)~~

13. CONFORMITY TO STATUTE

Any terms of this Policy which may conflict with statutes or regulations deemed applicable by a court of competent jurisdiction are amended to conform to the minimum requirements of such statutes.