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SC Court of Appeals

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM BERKELEY COUNTY
Court of Common Pleas

Roger M. Young, Sr., Circuit Court Judge

Case No. 2014-CP-08-02757

Portrait Homes – South Carolina, LLC and
Portrait Homes – Persimmon Hill, LLC; Plaintiffs,

v.

Pennsylvania National Mutual Casualty Insurance Company
and The Persimmon Hill Homeowners Association, Inc., Defendants,

AND

The Persimmon Hill Homeowners Association, Inc., Third-Party Plaintiff,

v.

Jose Castillo d/b/a JJA Framing and
JJA Construction, Inc. d/b/a JJA Framing, Third-Party Defendants,

Of which Pennsylvania National Mutual Casualty Insurance Company is the Appellant,

And

Portrait Homes – South Carolina, LLC, Portrait Homes – Persimmon Hill, LLC,
and The Persimmon Hill Homeowners Association, Inc. are the Respondents.

Appellate Case No. 2020-000735

RECORD ON APPEAL
VOLUME II OF V

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STATE OF SOUTH CAROLINA	IN THE CIRCUIT COURT FOR THE NINTH JUDICIAL CIRCUIT
COUNTY OF BERKELEY	2012-CP-08-3066
CHERYL L. WAKER, on behalf of herself and others similarly situated,	SUMMONS (Jury Trial Demanded)
Plaintiffs,	
vs.	
PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC AND PASQUINELLI HOMEBUILDING, LLC,	
Defendants.	

FILED
2012 OCT 23 PM 4:40
MARY P. BROWN
CLERK OF COURT
BERKELEY COUNTY, SC

TO: THE DEFENDANTS ABOVE-NAMED:

YOU ARE HEREBY SUMMONED and are required to answer the Complaint in this action, a copy of which is herewith served upon you, and to serve a copy of your Answer upon the subscribers, at Segui Law Firm, at 864 Lowcountry Blvd., Ste. A, Mt. Pleasant, South Carolina 29464, within thirty (30) days after the service thereof, exclusive of the day of such service, and if you fail to answer the Complaint within the time aforesaid, judgment by default will be rendered against you for the relief demanded in the Complaint.

PLAINTIFF'S EXHIBIT 2

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THURMOND, KIRCHNER, TIMBES & YELVERTON, P.A.

Jesse A. Kirchner by

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Attorneys for Plaintiffs

Charleston, South Carolina

Dated: 10/18, 2012

STATE OF SOUTH CAROLINA	IN THE CIRCUIT COURT FOR THE NINTH JUDICIAL CIRCUIT
COUNTY OF BERKELEY	2012-CP-08-3066
CHERYL L. WAKER, on behalf of herself and others similarly situated, Plaintiffs, vs. PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC AND PASQUINELLI HOMEBUILDING, LLC, Defendants.	

FILED
2012 OCT 23 PM 4:40
MARY P. BROWN
CLERK OF COURT
BERKELEY COUNTY, SC

CLASS ACTION COMPLAINT
(JURY TRIAL DEMANDED)

The Plaintiff, Cheryl L. Waker, by and through her undersigned counsel, bring this class action on behalf of herself and all others similarly situated, as a voluntary class action under Rule 23 of the South Carolina Rules of Civil Procedure and allege:

PARTIES, CAPACITY, AND JURISDICTION

1. The Plaintiff, Cheryl L. Waker, is an owner of a townhome located at 243 Darcy Avenue in The Persimmon Hill Homeowners Association, Inc., Berkeley County, South Carolina. Moreover, by virtue of the Waker ownership interest of her townhome, she is a member or shareholder of the incorporated association of owners known as The Persimmon Hill Homeowners Association, Inc.

2. Defendant, Portrait Homes-South Carolina, LLC, is a limited liability company organized under the laws of the State of Illinois and is the developer and contractor of the townhome community known as Persimmon Hill and performed the development, construction, repairs and modifications to the property. The Defendants, Portrait Homes-South Carolina, LLC, is the agent and/or alter ego of Defendants, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC and the corporate interests of these three Defendants were amalgamated so that they in effect operated as one and the same entity. Accordingly, jurisdiction over the Defendant is proper in this Court under South Carolina Code Ann. § 36-2-802 (1976).

3. Defendant, Portrait Homes- Persimmon Hill, LLC, is a corporation organized under the laws of the State of Illinois and is the developer and contractor of the townhome community known as Persimmon Hill and performed the development, construction, repairs and modifications to the property. The Defendant, Portrait Homes-Persimmon Hill, LLC, is the agent and/or alter ego of Defendants, Portrait Homes-South Carolina, LLC and Pasquinelli Homebuilding, LLC, and the corporate interests of these three Defendants were amalgamated so that they in effect operated as one and the same entity. Accordingly, jurisdiction over the Defendant is proper in this Court under South Carolina Code Ann. § 36-2-802 (1976).

Exhibit 2 Pg4

4. Defendant, Pasquinelli Homebuilding, LLC, is a limited liability company organized under the laws of the State of Illinois and is the developer and contractor of the townhome and villa community known as Persimmon Hill and performed the development, construction, repairs and modifications to the property. The Defendant, Pasquinelli Homebuilding, LLC, is the agent and/or alter ego of Defendants, Portrait Homes-South Carolina, LLC and Portrait Homes-Persimmon Hill, LLC and the corporate interests of these three Defendants were amalgamated so that they in effect operated as one and the same entity. Accordingly, jurisdiction over the Defendant is proper in this Court under South Carolina Code Ann. § 36-2-802 (1976).

5. The class of Plaintiffs consists of all persons, corporations, partnerships, unincorporated associations or other entities that own in whole or in part any townhome at Persimmon Hill.

6. The Court has jurisdiction over the parties and subject matters hereto and that the allegations out of which this action arises from the development, construction, repair and loss of use the townhomes at Persimmon Hill located in the County of Berkeley, State of South Carolina.

CLASS ACTION ALLEGATIONS

7. The class action is brought by the Plaintiff as a class action pursuant to Rule 23 of the South Carolina Rules of

Exhibit 2 Pg5

Civil Procedure to recover monetary damages from the Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC, for their negligence, gross negligence, recklessness, wantonness, willfulness, breach of express and implied warranties, and unfair trade practices, with respect to their duties as a developer and contractor in the development and construction of the townhomes at issue.

8. As described in Paragraph five (5) above, the class of Plaintiffs consists of individuals, corporations, partnerships, unincorporated associates or other entities that currently or in the future will own, in whole or in part, any townhome (hereinafter "Class").

9. The Class does not include any former owner of a townhome in Persimmon Hill.

10. The Class is sufficiently numerous that joinder of all members is impractical.

11. Plaintiff, Cheryl L. Waker, will fairly and adequately protect the interests of the Class as Class representatives. The interests of the Class representative are coincident with, and not antagonistic to those of the other Class members and Plaintiff is represented by experienced and able counsel.

Exhibit 2 Pg6

12. There are questions of law and fact common to the Class. Common questions of law include the liability of Defendants for, among other things as more particularly described below, negligence, gross negligence, recklessness, willfulness, breach of warranties and unfair trade practices and whether these wrongful acts or omissions of all of the Defendants caused or will cause the Class to suffer damages.

13. Plaintiff's, claim is brought as a townhome owner and member or a shareholder in The Persimmon Hill Homeowners Association, Inc. for construction defects and resulting loss of use of her townhome against the Defendants and for claims of all other townhome or villa owners that are similarly situated.

14. Plaintiff's claims are typical of the Class members' claims and derive from a common nucleus of operative facts in that the Defendants, at all times relevant, are or were charged with duties as a developer and contractor of the townhomes at issue. Each Class member has been or will be similarly injured by the Defendants' wrongful acts or omissions in the development and construction of the townhomes at issue and the interests and rights of the members, such that the interest of the Plaintiff, as Class representative, are consistent with those of the members of the Class.

15. For the reasons described above and further explained below, a class action is especially appropriate in

Exhibit 2 Pg7

this case to promote judicial efficiency and to protect Class members' interests and rights as common questions of law and fact clearly predominate over individual issues.

16. Moreover, class treatment is a superior method for the fair and efficient adjudication of the issues in dispute because it permits a large number of injured parties, a joinder of who is impracticable, to prosecute their common claims in a single forum simultaneously. Moreover, the class action provides an efficient method whereby the relative rights of the Class Members and Defendants can be fairly managed without unnecessary expense or duplication.

17. If Class members were to pursue individual litigation, it would be unduly burdensome to the South Carolina courts within which the individual litigation would proceed. Individual litigation would magnify the delay and expense to all parties in the court system of resolving the controversy engendered by Defendants' course of conduct with respect to the development and construction of the townhomes at issue and in safeguarding the rights of the Class. By contrast, the class action devise presents far fewer management difficulties and provides the benefits of unitary adjudication, economies of scale, and comprehensive supervision by a single court. Concentrating this litigation in one forum will aid judicial economy and efficiency, promote parity among the claims of the

Exhibit 2 Pg8

individual Class members, and result in judicial consistency. Notice for the pendency and any resolution of this action can be provided to all Class members by first class mail.

18. The expense and burden of individual litigation of a case of this magnitude makes it impractical for individual Class members to seek redress for the wrongs done to them and, therefore, requires consolidation of all such claims in one action.

19. Given the scope of harm inflicted by Defendants and the egregiousness of their misconduct, the prosecution of separate actions by individual members of the Class would create a risk of adjudications with respect to individual members of the Class which would, as a practical matter, be dispositive of the interests of the other members who are not parties to the adjudication or substantially impair or impede their ability to protect their interests.

20. Prosecution of this matter as a class action will most likely eliminate the possibility of repetitious litigation and provide redress for Class members who would not or could not prosecute this complex litigation on an individual basis.

21. Plaintiff, Cheryl L. Waker, pursuant to Rule 23 of the South Carolina Rules of Civil Procedure as Class member envision no unusual difficulty in the management of this action as a class action.

Exhibit 2 Pg9

22. Certification of this action as a class action under Rule 23 of the South Carolina Rules of Civil Procedure is appropriate.

FACTUAL ALLEGATIONS

23. The Defendants are under a duty of to develop and construct the townhomes located in Persimmon Hill development in accordance with the applicable building code and construction industry standards.

24. The townhomes contain construction defects that have resulted in water intrusions, rot and deterioration as a result thereof. These Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC, have committed negligence, gross negligence, recklessness, wantonness, willfulness, breach of warranties, and unfair trade practices with respect to their constructing and developing the townhomes at issue. These wrongful acts and omissions by these Defendants have caused and will cause the Plaintiffs and the Class members to incur and continue to incur substantial money damages for repairs and loss of use of their townhomes.

FOR A FIRST CAUSE OF ACTION
(Negligence, Gross Negligence, Carelessness, Recklessness, Willfulness and Wantonness)
(AS TO PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC AND PASQUINELLI HOMEBUILDING, LLC,)

Exhibit 2 Pg10

25. Plaintiffs repeat and re-allege Paragraphs 1 through 24 above as if fully set forth verbatim.

26. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC, by and through their agents, servants and employees undertook and were under a duty to develop, design and construct the townhomes in accordance with the building code, construction industry standards and practices and in accordance with all requirements imposed by the laws and statutes of the State of South Carolina.

27. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC, were negligent, grossly negligent, careless, reckless, willful and wanton, in designing, developing, constructing and repairing, the townhomes at issue. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness, includes but is not limited to the following particulars, to-wit:

a. In failing to use due care in the design, development, construction and repair of the townhomes at issue;
b. In improperly installing and construction, the exterior wall system including related flashings and weather proofing;
c. In designing, developing, constructing and repairing the townhomes at issue which fail to provide sufficient barriers against the intrusion of water into the wall system and an adequate avenue for exit of water that gets into the

Exhibit 2 Pg11

system resulting in water damage to the townhomes;

d. In designing, developing and constructing the townhomes in violation of applicable building codes, standard building practices, and accepted construction industry standards and practices;
e. In failing to properly install weep holes and proper flashings in the brick veneer;
f. In improperly installing flat brick roll lock in the brick veneer;
g. In failing to integrate the brick veneer and flashings into the water management system;
h. In failing to properly install sealants at the brick veneer and window intersections;
i. In installing brick in an abutted condition to the window;
j. In failing to properly install the secondary weatherbarrier;
k. In failing to properly install rough opening and other window flashings;
l. In failing to properly install windows and doors and related flashings and waterproofings;
m. In improper column support of the porch roofs;
n. In improper installation of the aluminum claddings;
o. In improper deck flashing installation;
p. In failing to properly install flashing;
q. In failing to properly install the roofs;
r. In improperly installing the windows;
s. In installing windows and doors to the townhomes which fail to provide a sufficient barrier against the intrusion of water;
t. In failing to properly install the vinyl siding;
u. Other deficiencies or failures as will be proven at trial.

28. That as a direct and proximate result of the negligence, gross negligence, carelessness, willfulness, wantonness of the Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC, the Plaintiff and similarly situated townhome owners have suffered actual, incidental, consequential, and

Exhibit 2 Pg12

special damages including but not limited to the expense of having to hire experts to investigate the causes of the water intrusion and conditions conducive to water intrusion, and construction defects and failures set forth above and having to spend substantial sums of money in order to renovate, correct, repair and restore the townhomes at issue to make them safe and habitable. Additionally, the Plaintiff and the Class have been injured and otherwise damaged in that water and moisture have repeatedly and/or continuously intruded can continue to intrude into the townhomes at issue causing damage and deterioration to the finish and structural elements, all of which will be required to corrected and repaired and result in the loss of use of the townhomes during said repairs.

FOR A SECOND CAUSE OF ACTION
(Breach of Warranty of Habitability, Breach of Warranty Against Latent Defects, Breach of Warranty of Workmanlike Services, Breach of Warranty for Fitness for a Particular Purpose and Breach of Warranty of Merchantability and Serviceability and Breach of Express Warranty)
(AS TO PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC AND PASQUINELLI HOMEBUILDING, LLC,)

29. Each and every allegation contained in Paragraphs 1 through 28 above are incorporated herein by express reference as though fully set forth.

30. That the Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and

Exhibit 2 Pg13

Pasquinelli Homebuilding, LLC, implicitly and/or expressly warranted and provided warranties that the subject townhomes and common areas would be habitable and fit for its intended uses, and that said townhomes would be designed, developed, constructed, and repaired in a fit, serviceable, good and workmanlike fashion in accordance with the applicable building codes, and accepted construction industry standards applicable thereto and that the subject townhomes would be merchantable, free from latent defects and fit for the particular purpose for which they were developed, constructed, built and sold.

31. That Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC, breached said warranties by designing, developing, constructing, and/or repairing the subject residences in such manner as to be in violation of applicable building codes and not in conformance with accepted construction and industry standards.

32. As a direct and proximate result of the Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC's, breach of these warranties, the Plaintiffs and similarly situated townhome owners have suffered actual, direct, incidental, consequential and special damages, including but not limited to, the expenses associated with having to hire experts to

Exhibit 2 Pg14

investigate the causes of the defects set forth above and having to spend substantial sums of money in order to renovate, correct, repair and restore the townhomes to make them safe and habitable. Additionally, Plaintiff has been injured and otherwise damaged in that moisture has intruded into the subject townhomes causing rot, deterioration and other damages to the finish and structural elements. All of which has or will require the Plaintiff and similarly situated townhome owners to expend great amounts of money to correct and repair the deficiencies as well as to suffer the loss, use and enjoyment of their properties as well as loss of value in depreciation by virtue of the defects and damages aforesaid.

FOR A THIRD CAUSE OF ACTION
(Unfair Trade Practices)
(AS TO PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC AND PASQUINELLI HOMEBUILDING, LLC)

33. Each and every allegation contained in Paragraphs 1 through 32 above are incorporated herein by express reference as though fully set forth.

34. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC, are "persons" within the meaning of South Carolina Code § 39-5-10(a).

35. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli

Exhibit 2 Pg15

Homebuilding, LLC, by their actions in developing, designing, constructing, repairing, supervising and overseeing construction are engaged in commerce within the meaning of South Carolina Code §39-5-10(b).

36. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC, by their action(s) described hereinabove, including representations to the Plaintiffs that induced them to purchase townhomes at issue in this case, constitute unfair and deceptive practices within the meaning of South Carolina Code §39-5-20(a).

37. The Defendants' act(s) are capable of repetition and, upon information and belief and in accord with the allegations herein, have been repeated.

38. The Defendants' conduct affects the public interest of the people of South Carolina.

39. The Defendants knew or should have reasonably known, that their conduct violated the Unfair Trade Practices Act.

40. As a direct, foreseeable and proximate result of the Defendants' unfair and deceptive practices, the Plaintiff and similarly situated townhome owners have suffered actual, direct, incidental, consequential and special damages, including but not limited to, the expenses associated with having to hire

Exhibit 2 Pg16

experts to investigate the causes of the defects set forth above and having to spend substantial sums of money in order to renovate, correct, repair and restore their townhomes to make them safe and habitable. Additionally, Plaintiff has been injured and otherwise damaged in that moisture has intruded into the building and units causing rot, deterioration and other damages to the finish and structural elements. All of which has or will require the Plaintiffs to expend great amounts of money to correct and repair as well as to suffer the loss, use and enjoyment of their properties as well as loss of value in depreciation by virtue of the defects and damages aforesaid.

RELIEF REQUESTED

WHEREFORE, the Plaintiff and the Class respectfully prays that this Court certify this action as a Class Action under Rule 23 of the South Carolina Rules of Civil Procedure, hold the Defendants liable for the conduct complained of herein, enter a judgment jointly and severally against the Defendants and in favor of the Plaintiff and the Class for the relief as requested in this Complaint, and award the Plaintiff and the Class their costs and attorneys fees, and for such other and further relief as may be deemed appropriate.

Plaintiff and the Class further demand a jury trial with respect to all issues so triable.

Exhibit 2 Pg17

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Attorneys for Plaintiffs

Charleston, South Carolina

Dated: 10/18, 2012

Exhibit 2 Pg18

STATE OF SOUTH CAROLINA)	IN THE CIRCUIT COURT FOR THE NINTH JUDICIAL CIRCUIT
COUNTY OF BERKELEY)	2012-CP-08-3065
THE PERSIMMON HILL HOMEOWNERS ASSOCIATION, INC.,)	
Plaintiffs,)	AMENDED SUMMONS (Jury Trial Demanded)
vs.)	
PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC, PASQUINELLI HOMEBUILDING, LLC, COLORWORKS CONSTRUCTORS, INC., JJA CONSTRUCTION, INC. D/B/A JJA FRAMING, JOSE CASTILLO D/B/A JJA FRAMING, JOSE GUTIERREZ, JAVIER MORENO, MECKLENBURG FRAMING, INC. D/B/A MECKLENBURG FRAMING, SAMUEL GLOVER D/B/A GLOVER'S BRICKWORK, GLOVER'S BRICKWORKS, INC., Z & Z, INCORPORATED, CHRISTOS PALLES & ASSOCIATES, LLC d/b/a CHRIS PALLES & ASSOCIATES,DPM CONSTRUCTION, INC. D/B/A DPM MASONRY, UNITED SIDING SPECIALISTS, INC.,TOM'S VINYL SIDING, LLC, SUPERIOR SOLUTION, LLC, ALL AMERICAN ROOFING, INC., TONY FRONTIERO D/B/A TONY FRONTIERO PAINT CONTRACTOR, JUAN LUIS SANCHEZ, AND ALFONSO VILLAVICENIO D/B/A ALFONSO'S PAINTING, SCOTT HOLLAND D/B/A H & C CONSTRUCTION COMPANY, HERITAGE CONSTRUCTION CONSULTANTS, INC., AND ROBERT H. YARNALL D/B/A HERITAGE CONSTRUCTION CONSULTANTS, INC.,)	
Defendants,)	

FILED
2013 MAR 20 PM 1:43
MARY A. WOOD
CLERK OF COURT
BERKELEY COUNTY, SC

TO: THE DEFENDANTS ABOVE-NAMED:

YOU ARE HEREBY SUMMONED and are required to answer the Complaint in this action, a copy of which is herewith served upon you, and to serve a copy of your Answer upon the subscribers, at Segui Law Firm, at 864 Lowcountry Blvd., Ste. A, Mt. Pleasant, South Carolina 29464, within thirty (30) days after the service thereof, exclusive of

PLAINTIFF'S EXHIBIT 3

STATE OF SOUTH CAROLINA	)	IN THE CIRCUIT COURT FOR THE NINTH JUDICIAL CIRCUIT
COUNTY OF BERKELEY	)	2012-CP-08-3065
THE PERSIMMON HILL HOMEOWNERS ASSOCIATION, INC., Plaintiffs,	)	
vs. PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC, PASQUINELLI HOMEBUILDING, LLC, COLORWORKS CONSTRUCTORS, INC., JJA CONSTRUCTION, INC. D/B/A JJA FRAMING, JOSE CASTILLO D/B/A JJA FRAMING, JOSE GUTIERREZ, JAVIER MORENO, MECKLENBURG FRAMING, INC. D/B/A MECKLENBURG FRAMING, SAMUEL GLOVER D/B/A GLOVER'S BRICKWORK, GLOVER'S BRICKWORKS, INC., Z & Z, INCORPORATED, CHRISTOS PALLES & ASSOCIATES, LLC d/b/a CHRIS PALLES & ASSOCIATES,DPM CONSTRUCTION, INC. D/B/A DPM MASONRY, UNITED SIDING SPECIALISTS, INC.,TOM'S VINYL SIDING, LLC, SUPERIOR SOLUTION, LLC, ALL AMERICAN ROOFING, INC., TONY FRONTIERO D/B/A TONY FRONTIERO PAINT CONTRACTOR, JUAN LUIS SANCHEZ, AND ALFONSO VILLAVICENIO D/B/A ALFONSO'S PAINTING, SCOTT HOLLAND D/B/A H & C CONSTRUCTION COMPANY, HERITAGE CONSTRUCTION CONSULTANTS, INC., AND ROBERT H. YARNALL D/B/A HERITAGE CONSTRUCTION CONSULTANTS, INC. Defendants	)	

FILED
2013 MAR 20 PM 4:43
MARY GEIGER
CLERK OF COURT
BERKELEY COUNTY, SC

AMENDED COMPLAINT
(JURY TRIAL DEMANDED)

The Plaintiff above named, complaining of the Defendants above named, would allege and show as follows:

PARTIES, CAPACITY, AND JURISDICTION

1. The Plaintiff, The Persimmon Hill Homeowners Association Inc., a nonprofit South Carolina corporation that, by virtue of the Declaration of Covenants, Conditions and Restrictions is

charged with, among other things, the duty to repair and maintain the exterior of all townhomes and common areas of the Project known as Persimmon Hill, located in Berkeley County, South Carolina.

2. Defendant, Portrait Homes-South Carolina, LLC, is a limited liability company organized under the laws of the State of Illinois and is the developer and contractor of the townhome community known as Persimmon Hill and performed the development, construction, repairs and modifications to the property. The Defendants, Portrait Homes-South Carolina, LLC, is the agent and/or alter ego of Defendants, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC and the corporate interests of these three Defendants were amalgamated so that they in effect operated as one and the same entity. Accordingly, jurisdiction over the Defendant is proper in this Court under South Carolina Code Ann. § 36-2-802 (1976).

3. Defendant, Portrait Homes-Persimmon Hill, LLC, is a corporation organized under the laws of the State of Illinois and is the developer and contractor of the townhome community known as Persimmon Hill and performed the development, construction, repairs and modifications to the property. The Defendant, Portrait Homes-Persimmon Hill, LLC, is the agent and/or alter ego of Defendants, Portrait Homes-South Carolina, LLC and Pasquinelli Homebuilding, LLC, and the corporate interests of these three Defendants were amalgamated so that they in effect operated as one and the same entity. Accordingly, jurisdiction over the Defendant is proper in this Court under South Carolina Code Ann. § 36-2-802 (1976).

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4. Defendant, Pasquinelli Homebuilding, LLC, is a limited liability company organized under the laws of the State of Illinois and is the developer and contractor of the townhome community known as Persimmon Hill and performed the development, construction, repairs and modifications to the property. The Defendant, Pasquinelli Homebuilding, LLC, is the agent and/or alter ego of Defendants, Portrait Homes-South Carolina, LLC and Portrait Homes-Persimmon Hill, LLC, and the corporate interests of these three Defendants were amalgamated so that they in effect operated as one and the same entity. Accordingly, jurisdiction over the Defendant is proper in this Court under South Carolina Code Ann. § 36-2-802 (1976).

5. Defendant, Colorworks Constructors, Inc., is upon information and belief, a North Carolina corporation which was doing business in South Carolina, and at relevant times herein was engaged in the building and construction of the townhomes and specifically installed the framing, windows and doors, secondary weather barrier, window and door flashings, roofing and roof flashings at the townhomes located at the Persimmon Hill project.

6. That, upon information and belief, the Defendant, JJA Construction, Inc. d/b/a JJA Framing, is a corporation organized in the State of North Carolina, conducting business in Charleston County, State of South Carolina, and at relevant times herein was engaged in the building and construction of the townhomes and specifically installed framing, windows and doors, secondary weather barrier, and window and door flashings at the townhomes located at the Persimmon Hill project.

7. That, upon information and belief, the Defendant, Jose Castillo d/b/a JJA Framing, is a citizen of the State of North Carolina, doing business as an individual and/or sole proprietorship in Charleston County, State of South Carolina, and at relevant times herein was engaged in the building and construction of the townhomes and specifically installed framing, windows and doors, secondary weather barrier, and window and door flashings at the townhomes located at the Persimmon Hill project.

8. That, upon information and belief, the Defendant, Jose Gutierrez, is a citizen of Charleston County, State of South Carolina, doing business as an individual and/or sole proprietorship in Charleston County, State of South Carolina, and at relevant times herein was engaged in the building and construction of the townhomes and specifically installed the framing, windows and doors, secondary weather barrier and window and door flashings at the townhomes located at the Persimmon Hill project.

9. That, upon information and belief, the Defendant, Javier Moreno, is a citizen of Charleston County, State of South Carolina, doing business as an individual and/or sole proprietorship in Charleston County, State of South Carolina, and at relevant times herein was engaged in the building and construction of the townhomes and specifically installed framing, windows and doors, secondary weather barrier and window and door flashings at the townhomes located at the Persimmon Hill project.

Exhibit 3 Pg6

10. That, upon information and belief, the Defendant, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, is a corporation organized in the State of North Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was engaged in the construction and/or repair of townhomes and specifically, constructed and/or repaired, and installed framing, windows and doors, secondary weather barrier and window and door flashings at the townhomes located at the Persimmon Hill project.

11. That, upon information and belief, the Defendants, Samuel Glover d/b/a Glover's Brickwork and Glover's Brickwork, Inc., is and individual and resident of Charleston County, State of South Carolina and is a corporation organized in the State of South Carolina, conducting business in Charleston County, State of South Carolina, respectively and at all times relevant was engaged in the construction and/or repair of townhomes and specifically, constructed and/or repaired, and installed masonry, brick, and related flashings on and to the townhomes located at the Persimmon Hill project.

12. That, upon information and belief, Defendant, Z & Z Incorporated, is a corporation organized in the State of South Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was engaged in the construction and/or repair of townhomes and specifically, constructed and/or repaired, and installed the masonry, brick, and related flashings on and to the townhomes located at the Persimmon Hill project.

Exhibit 3 Pg7

13. That, upon information and belief, Defendant, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, is a limited liability company organized in the State of South Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was engaged in the construction and/or repair of townhomes and specifically, constructed and/or repaired, and installed the masonry, brick, and related flashings on and to the townhomes located at the Persimmon Hill project.

14. That, upon information and belief Defendant, DPM Construction, Inc. d/b/a DPM Masonry, is upon information and belief, a Georgia corporation which was doing business in South Carolina, and at all times relevant was engaged in the construction and/or repair of townhomes and specifically, constructed and/or repaired, and installed the masonry, brick, and related flashings on and to the townhomes located at the Persimmon Hill project.

15. That, upon information and belief, Defendant, United Siding Specialists, Inc., is a corporation organized in the State of South Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was responsible for installation of the framing, windows and doors, window and door flashings, and the secondary window barrier and was engaged in installing the siding on and to townhomes located at the Persimmon Hill project.

16. That, upon information and belief, Defendant, Tom's Vinyl Siding, LLC, is a corporation organized in the State of South

Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was responsible for installation of the framing, windows and doors, window and door flashings, and the secondary window barrier and was engaged in installing the siding on and to townhomes located at the Persimmon Hill project.

17. That, upon information and belief, Defendant, Superior Solution, LLC, is a limited liability company in the State of South Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was responsible for installation of the framing, windows and doors, window and door flashings, and the secondary window barrier and was engaged in installing the siding on and to townhomes located at the Persimmon Hill project.

18. That, upon information and belief, Defendant, All American Roofing, Inc., is upon information and belief, a North Carolina corporation which was doing business in South Carolina, and at relevant times herein was engaged in the building and construction of the townhomes and specifically installed the roofing and related roof flashings on and to the townhomes located at the Persimmon Hill project.

19. That, upon information and belief, the Defendant, Tony Frontiero d/b/a Tony Frontiero Paint Contractor, is a citizen of Charleston County, State of South Carolina, doing business as an individual and/or sole proprietorship in Charleston County, State of South Carolina, and at relevant times herein was engaged in the building and construction of the townhomes and specifically provided

Exhibit 3 Pg9

painting and caulk and sealants at all joints and dissimilar materials including but not limited to window and doors on and to the townhomes located at the Persimmon Hill project.

20. That, upon information and belief, the Defendant, Juan Luis Sanchez, is a citizen of Charleston County, State of South Carolina, doing business as an individual and/or sole proprietorship in Charleston County, State of South Carolina, and at relevant times herein was engaged in the building and construction of the townhomes and specifically provided painting and caulk and sealants at all joints and dissimilar materials including but not limited to window and doors on and to the townhomes located at the Persimmon Hill project.

21. That, upon information and belief, the Defendant, Alfonso Villavicenio d/b/a Alfonso's Painting, is a citizen and resident of North Carolina, conducting business in Charleston County, and at relevant times herein was engaged in the building and construction of the townhomes and specifically provided painting and caulk and sealants at all joints and dissimilar materials including but not limited to window and doors on and to the townhomes located at the Persimmon Hill project.

22. That, upon information and belief, the Defendant, Scott Holland d/b/a H & C Construction Company, is a citizen of Charleston County, State of South Carolina, doing business as an individual and/or sole proprietorship in Charleston County, State of South Carolina, and at all times relevant was engaged in inspecting

Exhibit 3 Pg10

the construction including the installation of the siding, brick veneer, flashings and roofing on and to the townhomes located at the Persimmon Hill project.

23. That, upon information and belief, Defendant, Heritage Construction Consultants, Inc., is a corporation organized in the State of South Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was engaged in inspecting the construction including the installation of the siding, brick veneer, flashings and roofing on and to the townhomes located at the Persimmon Hill project.

24. That, upon information and belief, the Defendant, Robert Yarnall d/b/a Heritage Construction Consultants, Inc., is a citizen of Charleston County, State of South Carolina, doing business as an individual and/or sole proprietorship in Charleston County, State of South Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was engaged in inspecting the construction including the installation of the siding, brick veneer, flashings and roofing on and to the townhomes located at the Persimmon Hill project.

25. The Court has jurisdiction over the parties and subject matters hereto and that the allegations out of which this action arises from the development, construction and repair of the townhomes at Persimmon Hill located in the County of Berkeley County, State of South Carolina.

Exhibit 3 Pg11

FACTUAL ALLEGATIONS

26. The Defendants are under a duty of to develop, design, build and construct the townhomes in the Persimmon Hill community in accordance with the building code and construction industry standards.

27. The townhomes exteriors and common areas contain construction defects that resulted in water intrusion, and deterioration. These Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork, Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, and Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc., and Robert Yarnall d/b/a Heritage Construction Consultants, Inc.,** have committed negligence, gross negligence, recklessness, wantonness, willfulness, breach of warranties, and unfair trade practices with respect to their designing, constructing, developing, building, repairing and inspecting the construction of the townhomes and the associated exteriors and common areas at issue. These wrongful acts and omissions by these Defendants have caused and will cause the Plaintiff to incur

Exhibit 3 Pg12

and continue to incur substantial money damages.

FOR A FIRST CAUSE OF ACTION
(Negligence, Gross Negligence, Carelessness, Recklessness, Willfulness and Wantonness)
(AS TO PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC AND PASQUINELLI HOMEBUILDING, LLC, COLORWORKS CONSTRUCTORS, INC., JJA CONSTRUCTION, INC. D/B/A JJA FRAMING, JOSE CASTILLO D/B/A JJA FRAMING, JOSE GUTIERREZ, JAVIER MORENO, MECKLENBURG FRAMING, INC., D/B/A MECKLENBURG FRAMING,SAMUEL GLOVER D/B/A GLOVER'S BRICKWORK, GLOVER'S BRICKWORKS, INC., Z & Z, INCORPORATED, CHRISTOS PALLES & ASSOCIATES, LLC d/b/a CHRIS PALLES & ASSOCIATES,DPM CONSTRUCTION, INC. D/B/A DPM MASONRY, UNITED SIDING SPECIALISTS, INC.,TOM'S VINYL SIDING, LLC, SUPERIOR SOLUTION, LLC, ALL AMERICAN ROOFING, INC., TONY FRONTIERO D/B/A TONY FRONTIERO PAINT CONTRACTOR, JUAN LUIS SANCHEZ, AND ALFONSO VILLAVICENIO D/B/A ALFONSO'S PAINTING SCOTT HOLLAND D/B/A H & C CONSTRUCTION COMPANY, HERITAGE CONSTRUCTION CONSULTANTS, INC., AND ROBERT H. YARNALL D/B/A HERITAGE CONSTRUCTION CONSULTANTS, INC.)

28. Plaintiff repeats and re-allege Paragraphs 1 through 27 above as if fully set forth verbatim.

29. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork and Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc., and Robert Yarnall d/b/a Heritage**

Exhibit 3 Pg13

Construction Consultants, Inc., by and through their agents, servants and employees undertook and were under a duty to develop, design, construct, build, repair and inspect the construction of the townhomes in accordance with the building code, construction industry standards and practices and in accordance with all requirements imposed by the laws and statutes of the State of South Carolina.

30. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC, were negligent, grossly negligent, careless, reckless, willful and wanton, in designing, developing, constructing and repairing of the townhomes and common areas at issue. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness, includes but is not limited to the following particulars, to-wit:

a. In failing to use due care in the design, development, construction and repair of the townhomes at issue;
b. In improperly installing and construction, the exterior wall system including related flashings and weather proofing;
c. In designing, developing, constructing and repairing the townhomes at issue which fail to provide sufficient barriers against the intrusion of water into the wall system and an adequate avenue for exit of water that gets into the system resulting in water damage to the townhomes;
d. In designing, developing and constructing the townhomes in violation of applicable building codes, standard building practices, and accepted construction industry standards and practices;
e. In failing to properly install weep holes and proper flashings in the brick veneer;
f. In improperly installing flat brick roll lock in the brick veneer;
g. In failing to integrate the brick veneer and flashings into the water management system;
h. In failing to properly install sealants at the brick veneer and window intersections;

i. In installing brick in an abutted condition to the window;
j. In failing to properly install the secondary weatherbarrier;
k. In failing to properly install rough opening and other window flashings;
l. In failing to properly install windows and doors and related flashings and waterproofings;
m. In improper column support of the porch roofs;
n. In improper installation of the aluminum claddings;
o. In improper deck flashing installation;
p. In failing to properly install flashing;
q. In failing to properly install the roofs;
r. In improperly installing the windows;
s. In installing windows and doors to the townhomes which fail to provide a sufficient barrier against the intrusion of water;
t. In failing to properly install the vinyl siding;
u. Other deficiencies or failures as will be proven at trial.

31. The Defendant, Colorworks Constructors, Inc., was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, repairing, remodeling, framing, supervising and inspecting the subject townhomes and in failing to construct, repair and/or remodel said townhomes and specifically the framing, installation of window and doors, installation of window and door flashings, secondary weather barrier, roofing and roof related flashings in accordance with the applicable building codes, manufacturers' recommendations, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness includes but is not limited to the following particulars, to-wit:

Exhibit 3 Pg15

a. In failing to use due care in the construction, building, repair, remodeling, framing, installation of window and doors, installation of window and door flashings, secondary weather barrier, roofing and roof related flashings of the subject project;
b. In failing to adequately supervise the work and construction, building and repair of framing, the installation of windows and doors, installation of the window and door flashing, secondary weather barrier, roofing and roof related flashings;
c. In failing to hire competent subcontractors, specialty contractors, and/or employees;
d. In failing to adequately and competently supervise and/or train said subcontractors, specialty contractors and/or employees;
e. In constructing, repairing and/or remodeling subject townhomes in violation of applicable building codes, standard building practices, relevant product specifications and accepted construction industry standards and practices.
f. In improperly installing the framing;
g. In failing to properly install the windows and doors;
h. In failing to properly install window and door flashings including but limited to rough opening and window head flashings;
i. In failing to properly install the secondary weather barrier;
j. In failing to properly integrate the flashings and secondary weather barrier;
k. In failing to properly install the roof shingles and related roofing accessories;
l. In failing to properly install roof flashing and correct any other flashing or lack thereof that could cause leaks;
m. In installing the framing, windows and doors, window and door flashings, secondary weather barrier, roofing and roof flashings to the townhomes which failed to provide a sufficient barrier against the intrusion of water;
n. In constructing, building and/or repairing the subject townhomes in such a manner that water entered the dwellings;
o. In failing to use due care in constructing, building, repairing the townhomes in such a fashion as to permit excessive moisture and water to cause damage to the sheathing, structural framings and damage other building components;
p. In other deficiencies as will be proven at trial.

Exhibit 3 Pg16

32. The Defendants, JJA Construction, Inc. d/b/a JJA Framing, and Jose Castillo d/b/a JJA Framing, were negligent, grossly negligent, careless, reckless, willful and wanton in constructing, repairing, remodeling, supervising and inspecting the subject townhomes and in failing to construct, repair and/or remodel said townhomes and specifically the framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier in accordance with the applicable building codes, manufacturers' recommendations, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness includes but is not limited to the following particulars, to-wit:

a. In failing to use due care in the construction, repair, remodeling, framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier of the subject property;
b. In failing to adequately supervise the work and construction, building and remodeling of the framing installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
c. In failing to hire competent subcontractors, specialty contractors, and/or employees;
d. In failing to adequately and competently supervise and/or train said subcontractors, specialty contractors and/or employees;
e. In constructing, repairing and/or remodeling subject townhomes in violation of applicable building codes,

Exhibit 3 Pg17

standard building practices, relevant product specifications and accepted construction industry standards and practices.

f. In failing to properly frame the townhomes;
g. In failing to properly install windows and doors;
h. In failing to properly install window and door flashings including but not limited to rough opening and window head flashing;
i. In failing to properly install the secondary weather barrier;
j. In failing to properly integrate the flashings and secondary weather barrier;
k. In installing the framing, windows and doors, window and door flashings and the secondary weather barrier which failed to provide a sufficient barrier against the intrusion of water;
l. In constructing, building and/or repairing the townhomes in such a manner that water entered the dwellings;
m. In failing to use due care in constructing, building and/or repairing the townhomes in such a fashion as to permit excessive moisture and water to cause damage to the sheathing, structural framing and damage other building components;
n. In other deficiencies as will be proven at trial.

33. The Defendant, Jose Gutierrez, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, repairing, remodeling, supervising and inspecting the subject townhomes and in failing to construct, repair and/or remodel said townhomes and specifically the framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier in accordance with the applicable building codes, manufacturers' recommendations, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced.

Exhibit 3 Pg18

Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness includes but is not limited to the following particulars, to-wit:

a. In failing to use due care in the construction, repair, remodeling, framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier of the subject property;
b. In failing to adequately supervise the work and construction, building and remodeling of the framing installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
c. In failing to hire competent subcontractors, specialty contractors, and/or employees;
d. In failing to adequately and competently supervise and/or train said subcontractors, specialty contractors and/or employees;
e. In constructing, repairing and/or remodeling subject townhomes in violation of applicable building codes, standard building practices, relevant product specifications and accepted construction industry standards and practices.
f. In failing to properly frame the townhomes;
g. In failing to properly install windows and doors;
h. In failing to properly install window and door flashings including but not limited to rough opening and window head flashing;
i. In failing to properly install the secondary weather barrier;
j. In failing to properly integrate the flashings and secondary weather barrier;
k. In installing the framing, windows and doors, window and door flashings and the secondary weather barrier which failed to provide a sufficient barrier against the intrusion of water;
l. In constructing, building and/or repairing the townhomes in such a manner that water entered the dwellings;
m. In failing to use due care in constructing, building and/or repairing the townhomes in such a fashion as to permit excessive moisture and water to cause damage to the sheathing, structural framing and damage other building components;

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n. In other deficiencies as will be proven at trial.

34. The Defendant, Javier Moreno, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, repairing, remodeling, supervising and inspecting the subject townhomes and in failing to construct, repair and/or remodel said townhomes and specifically the framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier in accordance with the applicable building codes, manufacturers' recommendations, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness includes but is not limited to the following particulars, to-wit:

a. In failing to use due care in the construction, repair, remodeling, framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier of the subject property;
b. In failing to adequately supervise the work and construction, building and remodeling of the framing installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
c. In failing to hire competent subcontractors, specialty contractors, and/or employees;
d. In failing to adequately and competently supervise and/or train said subcontractors, specialty contractors and/or employees;
e. In constructing, repairing and/or remodeling subject townhomes in violation of applicable building codes,

standard building practices, relevant product specifications and accepted construction industry standards and practices.

f. In failing to properly frame the townhomes;
g. In failing to properly install windows and doors;
h. In failing to properly install window and door flashings including but not limited to rough opening and window head flashing;
i. In failing to properly install the secondary weather barrier;
j. In failing to properly integrate the flashings and secondary weather barrier;
k. In installing the framing, windows and doors, window and door flashings and the secondary weather barrier which failed to provide a sufficient barrier against the intrusion of water;
l. In constructing, building and/or repairing the townhomes in such a manner that water entered the dwellings;
m. In failing to use due care in constructing, building and/or repairing the townhomes in such a fashion as to permit excessive moisture and water to cause damage to the sheathing, structural framing and damage other building components;
n. In other deficiencies as will be proven at trial.

35. The Defendant, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, repairing, remodeling, supervising and inspecting the subject townhomes and in failing to construct, repair and/or remodel said townhomes and specifically the framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier in accordance with the applicable building codes, manufacturers' recommendations, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired

Exhibit 3 Pg21

and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness includes but is not limited to the following particulars, to-wit:

a. In failing to use due care in the construction, repair, remodeling, framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier of the subject property;
b. In failing to adequately supervise the work and construction, building and remodeling of the framing installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
c. In failing to hire competent subcontractors, specialty contractors, and/or employees;
d. In failing to adequately and competently supervise and/or train said subcontractors, specialty contractors and/or employees;
e. In constructing, repairing and/or remodeling subject townhomes in violation of applicable building codes, standard building practices, relevant product specifications and accepted construction industry standards and practices.
f. In failing to properly frame the townhomes;
g. In failing to properly install windows and doors;
h. In failing to properly install window and door flashings including but not limited to rough opening and window head flashing;
i. In failing to properly install the secondary weather barrier;
j. In failing to properly integrate the flashings and secondary weather barrier;
k. In installing the framing, windows and doors, window and door flashings and the secondary weather barrier which failed to provide a sufficient barrier against the intrusion of water;
l. In constructing, building and/or repairing the townhomes in such a manner that water entered the dwellings;
m. In failing to use due care in constructing, building and/or repairing the townhomes in such a fashion as to permit excessive moisture and water to cause

Exhibit 3 Pg22

damage to the sheathing, structural framing and damage other building components;

n. In other deficiencies as will be proven at trial.

36. The Defendants, Samuel Glover d/b/a Glover's Brickwork and Glover's Brickworks, Inc., were negligent, grossly negligent, careless, reckless, willful and wanton in constructing, supervising and installation of the brick veneer and related flashings and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, repair, remodeling and in installing the masonry, brick and related flashings to and on the subject townhomes;
b. In failing to adequately supervise the work and construction, repair and remodeling of the subject townhomes including but not limited to the installing of the masonry and brick and related flashings;
c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty contractors and employees;
d. In failing to properly install the masonry, brick veneer and related flashings;
e. In failing to properly install weep holes and weep flashing;
f. In installing flat brick roll locks;
g. In failing to integrate the brick veneer and brick flashings into the water management system;
h. In failing to properly construct the brick veneer which resulted in excessive moisture and water

Exhibit 3 Pg23

intrusion causing damage to the sheathing, structural framing and damage to other building components;

i. Other deficiencies as will be proven at trial.

37. The Defendant, Z & Z Incorporated, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, supervising and installation of the brick veneer and related flashings and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, repair, remodeling and in installing the masonry, brick and related flashings to and on the subject townhomes;
b. In failing to adequately supervise the work and construction, repair and remodeling of the subject townhomes including but not limited to the installing of the masonry and brick and related flashings;
c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty contractors and employees;
d. In failing to properly install the masonry, brick veneer and related flashings;
e. In failing to properly install weep holes and weep flashing;
f. In installing flat brick roll locks;
g. In failing to integrate the brick veneer and brick flashings into the water management system;
h. In failing to properly construct the brick veneer which resulted in excessive moisture and water intrusion causing damage to the sheathing, structural framing and damage to other building components;
i. Other deficiencies as will be proven at trial.

Exhibit 3 Pg24

38. The Defendant, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, supervising and installation of the brick veneer and related flashings and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, repair, remodeling and in installing the masonry, brick and related flashings to and on the subject townhomes;
b. In failing to adequately supervise the work and construction, repair and remodeling of the subject townhomes including but not limited to the installing of the masonry and brick and related flashings;
c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty contractors and employees;
d. In failing to properly install the masonry, brick veneer and related flashings;
e. In failing to properly install weep holes and weep flashing;
f. In installing flat brick roll locks;
g. In failing to integrate the brick veneer and brick flashings into the water management system;
h. In failing to properly construct the brick veneer which resulted in excessive moisture and water intrusion causing damage to the sheathing, structural framing and damage to other building components;
i. Other deficiencies as will be proven at trial.

Exhibit 3 Pg25

39. The Defendant, DPM Construction, Inc. d/b/a DPM Masonry, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, supervising and installation of the brick veneer and related flashings and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, repair, remodeling and in installing the masonry, brick and related flashings to and on the subject townhomes;
b. In failing to adequately supervise the work and construction, repair and remodeling of the subject townhomes including but not limited to the installing of the masonry and brick and related flashings;
c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty contractors and employees;
d. In failing to properly install the masonry, brick veneer and related flashings;
e. In failing to properly install weep holes and weep flashing;
f. In installing flat brick roll locks;
g. In failing to integrate the brick veneer and brick flashings into the water management system;
h. In failing to properly construct the brick veneer which resulted in excessive moisture and water intrusion causing damage to the sheathing, structural framing and damage to other building components;
i. Other deficiencies as will be proven at trial.

40. The Defendant, United Siding Specialists, Inc., was

Exhibit 3 Pg26

negligent, grossly negligent, careless, reckless, willful and wanton in constructing, supervising and installing the siding and related flashings as well as insuring the windows and doors, window and door flashings and secondary weather barrier were properly installed and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, repair, remodeling, and in installing the siding, flashings related to the installation of the siding, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
b. In failing to adequately supervise the work and construction, repair and remodeling of the townhomes including but not limited to the siding, flashings related to the installation of the siding, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty subcontractor and employees;
d. In failing to properly install the vinyl siding, flashings, and caulk and sealants around windows and doors;
e. In failing to properly install windows and doors and window and door flashings and/or correct improperly installed windows and doors and and/or window and door flashings prior to installing the siding;
f. In failing to properly install the secondary weather

Exhibit 3 Pg27

barrier and/or correct the improperly installed secondary weather barrier or lack thereof prior to installing the siding;

g. In failing to properly install the vinyl siding and related flashings, windows and doors and related flashings and secondary weather barrier which has resulted in excessive moisture and water intrusion causing damage to the sheathing, framing, and damage to other building components;

h. Other deficiencies or failures as will be proven at trial.

41. The Defendant, Tom's Vinyl Siding, LLC, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, supervising and installing siding and related flashings as well as insuring the windows and doors, window and door flashings and secondary weather barrier were properly installed and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, repair, remodeling, and in installing the siding, flashings related to the installation of the siding, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;

b. In failing to adequately supervise the work and construction, repair and remodeling of the townhomes including but not limited to the siding, flashings related to the installation of the siding,

Exhibit 3 Pg28

installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;

c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty subcontractor and employees;
d. In failing to properly install the vinyl siding and flashings and caulk and sealants around windows and doors;
e. In failing to properly install windows and doors and window and door flashings and/or correct improperly installed windows and doors and and/or window and door flashings prior to installing the siding;
f. In failing to properly install the secondary weather barrier and/or correct the improperly installed secondary weather barrier or lack thereof prior to installing the siding;
g. In failing to properly install the vinyl siding and related flashings, windows and doors and related flashings and secondary weather barrier which has resulted in excessive moisture and water intrusion causing damage to the sheathing, framing, and damage to other building components;
h. Other deficiencies or failures as will be proven at trial.

42. The Defendant, Superior Solution, LLC, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, supervising and installing siding and related flashings as well as insuring the windows and doors, window and door flashings and secondary weather barrier were properly installed and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness,

Exhibit 3 Pg29

willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, repair, remodeling, and in installing the siding, flashings related to the installation of the siding, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
b. In failing to adequately supervise the work and construction, repair and remodeling of the townhomes including but not limited to the siding, flashings related to the installation of the siding, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty subcontractor and employees;
d. In failing to properly install the vinyl siding, flashings and caulk and sealants around windows and doors;
e. In failing to properly install windows and doors and window and door flashings and/or correct improperly installed windows and doors and and/or window and door flashings prior to installing the siding;
f. In failing to properly install the secondary weather barrier and/or correct the improperly installed secondary weather barrier or lack thereof prior to installing the siding;
g. In failing to properly install the vinyl siding and related flashings, windows and doors and related flashings and secondary weather barrier which has resulted in excessive moisture and water intrusion causing damage to the sheathing, framing, and damage to other building components;
h. Other deficiencies or failures as will be proven at trial.

43. The Defendant, All American Roofing, Inc., was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, building, installing, and supervising the installation of the roofing, shingles and roof related flashings, and

Exhibit 3 Pg30

in failing to construct, build and install the roofing, shingles, and roof flashings, in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the project, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, and repair and installation of roofing, shingles and roof flashings;
b. In failing to adequately supervise the work and construction of the townhomes including the roofing, shingles and roof flashing;
c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty, subcontractors and employees;
d. In failing to properly nail and install the roof shingles and the flashings;
e. In failing to properly install the roofing system to include proper roof flashings and failing to correct any other flashings that could cause leaks;
f. In failing to properly install the roofing and related flashings which has resulted in water damage to the sheathing, framing, and damage to other building components;
g. Other deficiencies or failures as will be proven at trial.

44. The Defendant, Tony Frontiero d/b/a Toney Frontiero Paint Contractor, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, and providing painting, sealants and caulk to the subject townhomes and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and

industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building and repair and in painting and installation of caulk, and sealants at dissimilar materials to include but not limited to windows and doors;
b. In failing to adequately supervise the construction of the subject townhomes;
c. In failing to hire competent employees, subcontractors or specialty contractors;
d. In improperly and/or failing to apply sealants and caulks;
e. In failing to adequately and competently supervise and/or train said employees, subcontractors or specialty contractors;
f. In improperly installing and/or failing to install the sealants, caulks, and waterproofings at dissimilar materials to include but not limited to windows and doors in violation of the building code, standard building practices and accepted construction industry standards and practices; and
g. Other deficiencies or failures will be proved at trial.

45. The Defendant, Juan Luis Sanchez, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, and providing painting, sealants and caulk to the subject townhomes and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness,

Exhibit 3 Pg32

recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building and repair and in painting and installation of caulk, and sealants at dissimilar materials to include but not limited to windows and doors;
b. In failing to adequately supervise the construction of the subject townhomes;
c. In failing to hire competent employees, subcontractors or specialty contractors;
d. In improperly and/or failing to apply sealants and caulks;
e. In failing to adequately and competently supervise and/or train said employees, subcontractors or specialty contractors;
f. In improperly installing and/or failing to install the sealants, caulks, and waterproofings at dissimilar materials to include but not limited to windows and doors in violation of the building code, standard building practices and accepted construction industry standards and practices; and
g. Other deficiencies or failures will be proved at trial.

46. The Defendant, Alfonso Villavicenio d/b/a Alfonso's Painting, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, and providing painting, sealants and caulk to the subject townhomes and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

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a. In failing to use due care in the construction, building and repair and in painting and installation of caulk, and sealants at dissimilar materials to include but not limited to windows and doors;
b. In failing to adequately supervise the construction of the subject townhomes;
c. In failing to hire competent employees, subcontractors or specialty contractors;
d. In improperly and/or failing to apply sealants and caulks;
e. In failing to adequately and competently supervise and/or train said employees, subcontractors or specialty contractors;
f. In improperly installing and/or failing to install the sealants, caulks, and waterproofings at dissimilar materials to include but not limited to windows and doors in violation of the building code, standard building practices and accepted construction industry standards and practices;and
g. Other deficiencies or failures will be proved at trial.

47. The Defendant, Scott Holland d/b/a H & C Construction Company, was negligent, grossly negligent, careless, reckless, willful and wanton in inspecting and approving the work of subcontractors including the installation of the siding, brick veneer, flashings and roofs, and in failing to inspect the townhomes to insure they were built in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the project, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to adequately inspect the construction of the subject townhomes and villas;

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b. In failing to hire competent employees;
c. In failing to properly inspect the installation of the siding, brick veneer, flashings, windows and roofs;
d. In failing to insure that the construction met the applicable building codes and industry standards;
e. Other deficiencies or failures as will be proven at trial.

48. The Defendants, Heritage Construction Consultants, Inc. and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc., were negligent, grossly negligent, careless, reckless, willful and wanton in inspecting and approving the work of subcontractors including the installation of the siding, brick veneer, flashings and roofs, and in failing to inspect the townhomes and villas to insure they were built in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the project, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to adequately inspect the construction of the subject townhomes and villas;
b. In failing to hire competent employees;
c. In failing to properly inspect the installation of the siding, brick veneer, flashings, windows and roofs;
d. In failing to insure that the construction met the applicable building codes and industry standards;
e. Other deficiencies or failures as will be proven at trial.

49. That as a direct and proximate result of the negligence, gross negligence, carelessness, willfulness, wantonness of the Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork, Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc., and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc.**, the Plaintiff has suffered actual, incidental, consequential, and special damages including but not limited to the expense of having to hire experts to investigate the causes of the water intrusion and conditions conducive to water intrusion, and construction defects and failures set forth above and having to spend substantial sums of money in order to renovate, correct, repair and restore the exterior of townhomes and common areas at issue to make them safe and habitable. Additionally, the Plaintiff has been injured and otherwise damaged in that there has been a continuous exposure to moisture and water that intruded and continues to intrude into the subject townhomes causing

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and resulting in damage to walls, deterioration, and other damages to the finishes and structural elements of the townhomes. Each year since completion new areas of damage occurred, separate and apart from any damage already in progress of occurring. All of which has or will require the Plaintiff to expend great amounts of money to correct and repair as well as suffer the loss of use and enjoyment of their property by virtue of the defects and damages aforesaid.

FOR A SECOND CAUSE OF ACTION
(Breach of Warranty of Habitability, Breach of Warranty Against Latent Defects, Breach of Warranty of Workmanlike Services, Breach of Warranty for Fitness for a Particular Purpose and Breach of Warranty of Merchantability and Serviceability and Breach of Express Warranty)
(AS TO PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC AND PASQUINELLI HOMEBUILDING, LLC,COLORWORKS CONSTRUCTORS, INC.,JJA CONSTRUCTION, INC. D/B/A JJA FRAMING, JOSE CASTILLO D/B/A JJA FRAMING, JOSE GUTIERREZ, JAVIER MORENO, MECKLENBURG FRAMING, INC. D/B/A MECKLENBURG FRAMING,SAMUEL GLOVER D/B/A GLOVER'S BRICKWORK, GLOVER'S BRICKWORKS, INC., Z & Z, INCORPORATED, CHRISTOS PALLES & ASSOCIATES, LLC d/b/a CHRIS PALLES & ASSOCIATES,DPM CONSTRUCTION, INC. D/B/A DPM MASONRY, UNITED SIDING SPECIALISTS, INC.,TOM'S VINYL SIDING, LLC, SUPERIOR SOLUTION, LLC, ALL AMERICAN ROOFING, INC., TONY FRONTIERO D/B/A TONY FRONTIERO PAINT CONTRACTOR, JUAN LUIS SANCHEZ, ALFONSO VILLAVICENIO D/B/A ALFONSO'S PAINTING, SCOTT HOLLAND D/B/A H & C CONSTRUCTION COMPANY, HERITAGE CONSTRUCTION CONSULTANTS, INC., AND ROBERT H. YARNALL D/B/A HERITAGE CONSTRUCTION CONSULTANTS, INC.)

50. Each and every allegation contained in Paragraphs 1 through 49 above are incorporated herein by express reference as though fully set forth.

51. That the Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel**

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Glover d/b/a Glover's Brickwork, Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc., and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc., implicitly and/or expressly warranted and provided warranties that the subject townhomes and common areas would be habitable and fit for its intended uses, and that said townhomes would be designed, developed, constructed, and repaired in a fit, serviceable, good and workmanlike fashion in accordance with the applicable building codes, and accepted construction industry standards applicable thereto and that the subject townhomes and common areas would be merchantable, free from latent defects and fit for the particular purpose for which it was developed, constructed, built and sold.

52. That Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork and Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding**

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Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc., and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc., breached said warranties by designing, developing, constructing, supervising and/or failing to supervise, and/or repairing and/or inspect the construction of the subject townhomes in such manner as to be in violation of applicable building codes, not in conformance with accepted construction and industry standards.

53. As a direct and proximate result of the Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork and Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, and Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc., and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc.'s,

breach of these warranties, the Plaintiff has suffered actual, direct, incidental, consequential and special damages, including but not limited to the expenses associated with having to hire experts to investigate the causes of the defects set forth above and having to spend substantial sums of money in order to renovate, correct, repair and restore the townhomes and common areas to make them safe and habitable. Additionally, the Plaintiff has been injured and otherwise damaged in that there has been a continuous exposure to moisture and water that intruded and continues to intrude into the subject townhomes causing and resulting in damage to walls, deterioration, and other damages to the finishes and structural elements of the townhomes. Each year since completion new areas of damage occurred, separate and apart from any damage already in progress of occurring. All of which has or will require the Plaintiff and others similarly situated to expend great amounts of money to correct and repair as well as suffer the loss of use and enjoyment of their property by virtue of the defects and damages aforesaid.

FOR A THIRD CAUSE OF ACTION
(Unfair Trade Practices)
(AS TO PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC AND PASQUINELLI HOMEBUILDING, LLC, COLORWORKS CONSTRUCTORS, INC., JJA CONSTRUCTION, INC. D/B/A JJA FRAMING, JOSE CASTILLO D/B/A JJA FRAMING,JOSE GUTIERREZ, JAVIER MORENO, MECKLENBURG FRAMING, INC., D/B/A MECKLENBURG FRAMING,SAMUEL GLOVER D/B/A GLOVER'S BRICKWORK AND GLOVER'S BRICKWORKS, INC., Z & Z, INCORPORATED, CHRISTOS PALLES & ASSOCIATES, LLC d/b/a CHRIS PALLES & ASSOCIATES,DPM CONSTRUCTION, INC. D/B/A DPM MASONRY, UNITED SIDING SPECIALISTS, INC.,TOM'S VINYL SIDING, LLC, SUPERIOR SOLUTION, LLC, ALL AMERICAN ROOFING, INC., TONY FRONTIERO D/B/A TONY FRONTIERO PAINT CONTRACTOR, JUAN LUIS SANCHEZ, ALFONSO VILLAVICENIO D/B/A ALFONSO'S PAINTING, SCOTT HOLLAND D/B/A H & C CONSTRUCTION COMPANY, HERITAGE CONSTRUCTION CONSULTANTS, INC., AND ROBERT H. YARNALL D/B/A HERITAGE CONSTRUCTION CONSULTANTS, INC.)

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54. Each and every allegation contained in Paragraphs 1 through 53 above are incorporated herein by express reference as though fully set forth.

55. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork and Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc., and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc.**, are "persons" within the meaning of South Carolina Code § 39-5-10(a).

56. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork and Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles &**

Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc., and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc., by their actions in developing, designing, constructing, repairing, supervising and overseeing construction activities are engaged in commerce within the meaning of South Carolina Code §39-5-10(b).

57. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork and Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc., and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc.,** by their action(s) described

hereinabove, constitute unfair and deceptive practices within the meaning of South Carolina Code §39-5-20(a).

58. The Defendants' act(s) are capable of repetition and, upon information and belief and in accord with the allegations herein, have been repeated.

59. The Defendants' conduct affects the public interest of the people of South Carolina.

60. The Defendants knew or should have reasonably known, that their conduct violated the Unfair Trade Practices Act.

53. As a direct, foreseeable and proximate result of the Defendants' unfair and deceptive practices, the Plaintiffs' have suffered actual, direct, incidental, consequential and special damages, including but not limited to, the expenses associated with having to hire experts to investigate the causes of the defects set forth above and having to spend substantial sums of money in order to renovate, correct, repair and restore the townhomes and common areas to make them safe and habitable. Additionally, Plaintiff has been injured and otherwise damaged in that there has been a continuous exposure to moisture and water that intruded and continues to intrude into the subject townhomes causing and resulting in damage to walls, deterioration, and other damages to the finishes and structural elements of the townhomes. Each year since completion new areas of damage occurred, separate and apart from any damage already in progress of occurring. All of which has or will require the Plaintiff and others similarly situated to expend great amounts of money to correct and repair as

Exhibit 3 Pg43

well as suffer the loss of use and enjoyment of their property by virtue of the defects and damages aforesaid.

RELIEF REQUESTED

WHEREFORE, the Plaintiff respectfully prays that hold the Defendants jointly and severally liable for the conduct complained of herein, enter a Judgment against the Defendants and in favor of the Plaintiff for the relief as requested in this Complaint, and award the Plaintiff their costs and attorneys fees, and for such other and further relief as may be deemed appropriate.

Plaintiff further demands a jury trial with respect to all issues so triable.

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Exhibit 3 Pg44

THURMOND, KIRCHNER, TIMBES & YELVERTON, P.A.

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Attorneys for Plaintiffs

Charleston, South Carolina

Dated: 3/18, 2013

Exhibit 3 Pg45

STATE OF SOUTH CAROLINA	)	IN THE CIRCUIT COURT FOR THE NINTH JUDICIAL CIRCUIT
COUNTY OF BERKELEY	)	2012-CP-08-3066
CHERYL L. WAKER, on behalf of herself and others similarly situated,	)	AMENDED SUMMONS (Jury Trial Demanded)
Plaintiffs,	)	
vs.	)	
PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC, PASQUINELLI HOMEBUILDING, LLC, COLORWORKS CONSTRUCTORS, INC., JJA CONSTRUCTION, INC. D/B/A JJA FRAMING, JOSE CASTILLO D/B/A JJA FRAMING, JOSE GUTIERREZ, JAVIER MORENO, MECKLENBURG FRAMING, INC. D/B/A MECKLENBURG FRAMING, SAMUEL GLOVER D/B/A GLOVER'S BRICKWORK, GLOVER'S BRICKWORKS, INC., Z & Z, INCORPORATED, CHRISTOS PALLES & ASSOCIATES, LLC d/b/a CHRIS PALLES & ASSOCIATES,DPM CONSTRUCTION, INC. D/B/A DPM MASONRY, UNITED SIDING SPECIALISTS, INC.,TOM'S VINYL SIDING, LLC, SUPERIOR SOLUTION, LLC, ALL AMERICAN ROOFING, INC., TONY FRONTIERO D/B/A TONY FRONTIERO PAINT CONTRACTOR, JUAN LUIS SANCHEZ, AND ALFONSO VILLAVICENIO D/B/A ALFONSO'S PAINTING, SCOTT HOLLAND D/B/A H & C CONSTRUCTION COMPANY, HERITAGE CONSTRUCTION CONSULTANTS, INC., AND ROBERT H. YARNALL D/B/A HERITAGE CONSTRUCTION CONSULTANTS, INC.	)	
Defendants.	)	

FILED
2013 MAR 20 PM 4:45
BERKELEY COUNTY, SC

TO: THE DEFENDANTS ABOVE-NAMED:

YOU ARE HEREBY SUMMONED and are required to answer the Complaint in this action, a copy of which is herewith served upon you, and to serve a copy of your Answer upon the subscribers, at Segui Law Firm, at 864 Lowcountry Blvd., Ste. A, Mt. Pleasant, South Carolina 29464, within thirty (30) days after the service thereof, exclusive of

PLAINTIFF'S EXHIBIT 4

the day of such service, and if you fail to answer the Complaint within the time aforesaid, judgment by default will be rendered against you for the relief demanded in the Complaint.

SEGUI LAW FIRM, PC

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AND

THURMOND, KIRCHNER, TIMBES & YELVERTON, P.A.

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Attorneys for Plaintiffs

Charleston, South Carolina

Dated: 3/18, 2013

STATE OF SOUTH CAROLINA	)	IN THE CIRCUIT COURT FOR THE NINTH JUDICIAL CIRCUIT
	)	
COUNTY OF BERKELEY	)	2012-CP-08-3066
	)	
CHERYL L. WAKER, on behalf of herself and others similarly situated,	)	
Plaintiffs,	)	
vs.	)	
PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC, PASQUINELLI HOMEBUILDING, LLC, COLORWORKS CONSTRUCTORS, INC., JJA CONSTRUCTION, INC. D/B/A JJA FRAMING, JOSE CASTILLO D/B/A JJA FRAMING, JOSE GUTIERREZ, JAVIER MORENO, MECKLENBURG FRAMING, INC. D/B/A MECKLENBURG FRAMING, SAMUEL GLOVER D/B/A GLOVER'S BRICKWORK, GLOVER'S BRICKWORKS, INC., Z & Z, INCORPORATED, CHRISTOS PALLES & ASSOCIATES, LLC d/b/a CHRIS PALLES & ASSOCIATES,DPM CONSTRUCTION, INC. D/B/A DPM MASONRY, UNITED SIDING SPECIALISTS, INC.,TOM'S VINYL SIDING, LLC, SUPERIOR SOLUTION, LLC, ALL AMERICAN ROOFING, INC., TONY FRONTIERO D/B/A TONY FRONTIERO PAINT CONTRACTOR, JUAN LUIS SANCHEZ, AND ALFONSO VILLAVICENIO D/B/A ALFONSO'S PAINTING, SCOTT HOLLAND D/B/A H & C CONSTRUCTION COMPANY, HERITAGE CONSTRUCTION CONSULTANTS, INC., AND ROBERT H. YARNALL D/B/A HERITAGE CONSTRUCTION CONSULTANTS, INC.	)	
Defendants,	)	

FILED
2013 MAR 20 PM 4:45
BERKELEY COUNTY, SC

CLASS ACTION AMENDED COMPLAINT
(JURY TRIAL DEMANDED)

The Plaintiff, Cheryl L. Waker, by and through her undersigned counsel, bring this class action on behalf of herself and all others similarly situated, as a voluntary class action under Rule 23 of the South Carolina Rules of Civil Procedure and allege:

PARTIES, CAPACITY, AND JURISDICTION

1. The Plaintiff, Cheryl L. Waker, is an owner of a townhome located at 243 Darcy Avenue in The Persimmon Hill Homeowners Association, Inc., Berkeley County, South Carolina. Moreover, by virtue of the Waker ownership interest of her townhome, she is a member or shareholder of the incorporated association of owners known as The Persimmon Hill Homeowners Association, Inc.

2. Defendant, Portrait Homes-South Carolina, LLC, is a limited liability company organized under the laws of the State of Illinois and is the developer and contractor of the townhome community known as Persimmon Hill and performed the development, construction, repairs and modifications to the property. The Defendants, Portrait Homes-South Carolina, LLC, is the agent and/or alter ego of Defendants, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC and the corporate interests of these three Defendants were amalgamated so that they in effect operated as one and the same entity. Accordingly, jurisdiction over the Defendant is proper in this Court under South Carolina Code Ann. § 36-2-802 (1976).

3. Defendant, Portrait Homes- Persimmon Hill, LLC, is a corporation organized under the laws of the State of Illinois and is the developer and contractor of the townhome community known as Persimmon Hill and performed the development, construction, repairs and modifications to the property. The Defendant, Portrait Homes-Persimmon Hill, LLC, is the agent and/or alter ego of Defendants, Portrait Homes-South Carolina, LLC and Pasquinelli Homebuilding, LLC,

and the corporate interests of these three Defendants were amalgamated so that they in effect operated as one and the same entity. Accordingly, jurisdiction over the Defendant is proper in this Court under South Carolina Code Ann. § 36-2-802 (1976).

4. Defendant, Pasquinelli Homebuilding, LLC, is a limited liability company organized under the laws of the State of Illinois and is the developer and contractor of the townhome and villa community known as Persimmon Hill and performed the development, construction, repairs and modifications to the property. The Defendant, Pasquinelli Homebuilding, LLC, is the agent and/or alter ego of Defendants, Portrait Homes-South Carolina, LLC and Portrait Homes-Persimmon Hill, LLC and the corporate interests of these three Defendants were amalgamated so that they in effect operated as one and the same entity. Accordingly, jurisdiction over the Defendant is proper in this Court under South Carolina Code Ann. § 36-2-802 (1976).

5. Defendant, Colorworks Constructors, Inc., is upon information and belief, a North Carolina corporation which was doing business in South Carolina, and at relevant times herein was engaged in the building and construction of the townhomes and specifically installed the framing, windows and doors, secondary weather barrier, window and door flashings, roofing and roof flashings at the townhomes located at the Persimmon Hill project.

6. That, upon information and belief, the Defendant, JJA Construction, Inc. d/b/a JJA Framing, is a corporation organized in the State of North Carolina, conducting business in Charleston County,

Exhibit 4 Pg5

State of South Carolina, and at relevant times herein was engaged in the building and construction of the townhomes and specifically installed framing, windows and doors, secondary weather barrier, and window and door flashings at the townhomes located at the Persimmon Hill project.

7. That, upon information and belief, the Defendant, Jose Castillo d/b/a JJA Framing, is a citizen of the State of North Carolina, doing business as an individual and/or sole proprietorship in Charleston County, State of South Carolina, and at relevant times herein was engaged in the building and construction of the Plaintiff's townhomes and specifically installed framing, windows and doors, secondary weather barrier, and window and door flashings at the townhomes located at the Persimmon Hill project.

8. That, upon information and belief, the Defendant, Jose Gutierrez, is a citizen of Charleston County, State of South Carolina, doing business as an individual and/or sole proprietorship in Charleston County, State of South Carolina, and at relevant times herein was engaged in the building and construction of the townhomes and specifically installed the framing, windows and doors, secondary weather barrier and window and door flashings at the townhomes located at the Persimmon Hill project.

9. That, upon information and belief, the Defendant, Javier Moreno, is a citizen of Charleston County, State of South Carolina, doing business as an individual and/or sole proprietorship in Charleston County, State of South Carolina, and at relevant times

Exhibit 4 Pg6

herein was engaged in the building and construction of the townhomes and specifically installed framing, windows and doors, secondary weather barrier and window and door flashings at the townhomes located at the Persimmon Hill project.

10. That, upon information and belief, the Defendant, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, is a corporation organized in the State of North Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was engaged in the construction and/or repair of townhomes and specifically, constructed and/or repaired, and installed framing, windows and doors, secondary weather barrier and window and door flashings at the townhomes located at the Persimmon Hill project.

11. That, upon information and belief, Defendants, Samuel Glover d/b/a Glover's Brickwork and Glover's Brickworks, Inc., is and individual and resident of Charleston County, State of South Carolina and is a corporation organized in the State of South Carolina, conducting business in Charleston County, State of South Carolina, respectively, and at all times relevant was engaged in the construction and/or repair of townhomes and specifically, constructed and/or repaired, and installed the masonry, brick and related flashings on and to the townhomes located at the Persimmon Hill project.

12. That, upon information and belief, Defendant, Z & Z Incorporated, is a corporation organized in the State of South Carolina, conducting business in Charleston County, State of South

Exhibit 4 Pg7

Carolina, and at all times relevant was engaged in the construction and/or repair of townhomes and specifically, constructed and/or repaired, and installed the masonry, brick, and related flashings on and to the townhomes located at the Persimmon Hill project.

13. That, upon information and belief, Defendant, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, is a limited liability company organized in the State of South Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was engaged in the construction and/or repair of townhomes and specifically, constructed and/or repaired, and installed the masonry, brick, and related flashings on and to the townhomes located at the Persimmon Hill project.

14. Defendant, DPM Construction, Inc. d/b/a DPM Masonry, is upon information and belief, a Georgia corporation which was doing business in South Carolina, and at all times relevant was engaged in the construction and/or repair of townhomes and specifically, constructed and/or repaired, and installed the masonry, brick, and related flashings on and to the townhomes located at the Persimmon Hill project.

15. That, upon information and belief, Defendant, United Siding Specialists, Inc., is a corporation organized in the State of South Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was responsible for installation of the framing, windows and doors, window and door flashings, and the secondary window barrier and was engaged in

installing the siding on and to townhomes located at the Persimmon Hill project.

16. That, upon information and belief, Defendant, Tom's Vinyl Siding, LLC, is a corporation organized in the State of South Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was responsible for installation of the framing, windows and doors, window and door flashings, and the secondary window barrier and was engaged in installing the siding on and to townhomes located at the Persimmon Hill project.

17. That, upon information and belief, Defendant, Superior Solution, LLC, is a limited liability company organized in the State of South Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was responsible for installation of the framing, windows and doors, window and door flashings, and the secondary window barrier and was engaged in installing the siding on and to townhomes located at the Persimmon Hill project.

18. Defendant, All American Roofing, Inc., is upon information and belief, a North Carolina corporation which was doing business in South Carolina, and at relevant times herein was engaged in the building and construction of the townhomes and specifically installed the roofing and related roof flashings on and to the townhomes located at the Persimmon Hill project.

19. That, upon information and belief, the Defendant, Tony Frontiero d/b/a Tony Frontiero Paint Contractor, is a citizen of

Exhibit 4 Pg9

Charleston County, State of South Carolina, doing business as an individual and/or sole proprietorship in Charleston County, State of South Carolina, and at relevant times herein was engaged in the building and construction of the townhomes and specifically provided painting and caulk and sealants at all joints and dissimilar materials including but not limited to window and doors on and to the townhomes located at the Persimmon Hill project.

20. That, upon information and belief, the Defendant, Juan Luis Sanchez, Individually, is a citizen of Charleston County, State of South Carolina, doing business as an individual and/or sole proprietorship in Charleston County, State of South Carolina, and at relevant times herein was engaged in the building and construction of the townhomes and specifically provided painting and caulk and sealants at all joints and dissimilar materials including but not limited to window and doors on and to the townhomes located at the Persimmon Hill project.

21. That, upon information and belief, the Defendant, Alfonso Villavicenio d/b/a Alfonso's Painting, is a citizen and resident of North Carolina, conducting business in Charleston County, and at relevant times herein was engaged in the building and construction of the townhomes and specifically provided painting and caulk and sealants at all joints and dissimilar materials including but not limited to window and doors on and to the townhomes located at the Persimmon Hill project.

22. That, upon information and belief, the Defendant, Scott Holland d/b/a H & C Construction Company, is a citizen of Charleston County, State of South Carolina, doing business as an individual and/or sole proprietorship in Charleston County, State of South Carolina, and at all times relevant was engaged in inspecting the construction including the installation of the siding, brick veneer, flashings and roofing on and to the townhomes located at the Persimmon Hill project.

23. That, upon information and belief, Defendant, Heritage Construction Consultants, Inc., is a corporation organized in the State of South Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was engaged in inspecting the construction including the installation of the siding, brick veneer, flashings and roofing on and to the townhomes located at the Persimmon Hill project.

24. That, upon information and belief, the Defendant, Robert Yarnall d/b/a Heritage Construction Consultants, Inc., is a citizen of Charleston County, State of South Carolina, doing business as an individual and/or sole proprietorship in Charleston County, State of South Carolina, conducting business in Charleston County, State of South Carolina, and at all times relevant was engaged in inspecting the construction including the installation of the siding, brick veneer, flashings and roofing on and to the townhomes located at the Persimmon Hill project.

Exhibit 4 Pg11

25. The class of Plaintiffs consists of all persons, corporations, partnerships, unincorporated associations or other entities that own in whole or in part any townhome at Persimmon Hill.

26. The Court has jurisdiction over the parties and subject matters hereto and that the allegations out of which this action arises from the development, construction, repair and loss of use the townhomes at Persimmon Hill located in the County of Berkeley, State of South Carolina.

CLASS ACTION ALLEGATIONS

27. The class action is brought by the Plaintiff as a class action pursuant to Rule 23 of the South Carolina Rules of Civil Procedure to recover monetary damages from the Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork and Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc., and Robert Yarnall d/b/a Heritage Construction Consultants, Inc.,** for their negligence, gross negligence, recklessness, wantonness,

willfulness, breach of express and implied warranties, and unfair trade practices, with respect to their duties as a developer, contractor and subcontractors in the development and construction of the townhomes at issue.

28. As described in Paragraph twenty five (25) above, the class of Plaintiffs consists of individuals, corporations, partnerships, unincorporated associates or other entities that currently or in the future will own, in whole or in part, any townhome (hereinafter "Class").

29. The Class does not include any former owner of a townhome in Persimmon Hill.

30. The Class is sufficiently numerous that joinder of all members is impractical.

31. Plaintiff, Cheryl L. Waker, will fairly and adequately protect the interests of the Class as Class representatives. The interests of the Class representative are coincident with, and not antagonistic to those of the other Class members and Plaintiff is represented by experienced and able counsel.

32. There are questions of law and fact common to the Class. Common questions of law include the liability of Defendants for, among other things as more particularly described below, negligence, gross negligence, recklessness, willfulness, breach of warranties and unfair trade practices and whether these wrongful acts or omissions of all of the Defendants caused or will cause the Class to suffer damages.

Exhibit 4 Pg13

33. Plaintiff's, claim is brought as a townhome owner and member or a shareholder in The Persimmon Hill Homeowners Association, Inc. for construction defects and resulting loss of use of her townhome against the Defendants and for claims of all other townhome or villa owners that are similarly situated.

34. Plaintiff's claims are typical of the Class members' claims and derive from a common nucleus of operative facts in that the Defendants, at all times relevant, are or were charged with duties as a developer, contractor, and/or subcontractors of the townhomes at issue. Each Class member has been or will be similarly injured by the Defendants' wrongful acts or omissions in the development and construction of the townhomes at issue and the interests and rights of the members, such that the interest of the Plaintiff, as Class representative, are consistent with those of the members of the Class.

35. For the reasons described above and further explained below, a class action is especially appropriate in this case to promote judicial efficiency and to protect Class members' interests and rights as common questions of law and fact clearly predominate over individual issues.

36. Moreover, class treatment is a superior method for the fair and efficient adjudication of the issues in dispute because it permits a large number of injured parties, a joinder of who is impracticable, to prosecute their common claims in a single forum simultaneously. Moreover, the class action provides an efficient method whereby the relative rights of the Class Members and Defendants can be fairly managed without unnecessary expense or duplication.

Exhibit 4 Pg14

37. If Class members were to pursue individual litigation, it would be unduly burdensome to the South Carolina courts within which the individual litigation would proceed. Individual litigation would magnify the delay and expense to all parties in the court system of resolving the controversy engendered by Defendants' course of conduct with respect to the development and construction of the townhomes at issue and in safeguarding the rights of the Class. By contrast, the class action devise presents far fewer management difficulties and provides the benefits of unitary adjudication, economies of scale, and comprehensive supervision by a single court. Concentrating this litigation in one forum will aid judicial economy and efficiency, promote parity among the claims of the individual Class members, and result in judicial consistency. Notice for the pendency and any resolution of this action can be provided to all Class members by first class mail.

38. The expense and burden of individual litigation of a case of this magnitude makes it impractical for individual Class members to seek redress for the wrongs done to them and, therefore, requires consolidation of all such claims in one action.

39. Given the scope of harm inflicted by Defendants and the egregiousness of their misconduct, the prosecution of separate actions by individual members of the Class would create a risk of adjudications with respect to individual members of the Class which would, as a practical matter, be dispositive of the interests of the other members who are not parties to the adjudication or substantially impair or impede their ability to protect their interests.

40. Prosecution of this matter as a class action will most likely eliminate the possibility of repetitious litigation and provide redress for Class members who would not or could not prosecute this complex litigation on an individual basis.

41. Plaintiff, Cheryl L. Waker, pursuant to Rule 23 of the South Carolina Rules of Civil Procedure as Class member envision no unusual difficulty in the management of this action as a class action.

42. Certification of this action as a class action under Rule 23 of the South Carolina Rules of Civil Procedure is appropriate.

FACTUAL ALLEGATIONS

43. The Defendants are under a duty of to develop and construct the townhomes located in Persimmon Hill development in accordance with the applicable building code and construction industry standards.

44. The townhomes contain construction defects that have resulted in water intrusions, and deterioration as a result thereof. These Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork, Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis**

Exhibit 4 Pg16

Sanchez, Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc., and Robert Yarnall d/b/a Heritage Construction Consultants, Inc., have committed negligence, gross negligence, recklessness, wantonness, willfulness, breach of warranties, and unfair trade practices with respect to their constructing, developing, building, repairing and inspecting the construction of the townhomes at issue. These wrongful acts and omissions by these Defendants have caused and will cause the Plaintiffs and the Class members to incur and continue to incur substantial money damages for repairs and loss of use of their townhomes.

FOR A FIRST CAUSE OF ACTION
(Negligence, Gross Negligence, Carelessness, Recklessness, Willfulness and Wantonness)
(AS TO PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC AND PASQUINELLI HOMEBUILDING, LLC, COLORWORKS CONSTRUCTORS, INC., JJA CONSTRUCTION, INC. D/B/A JJA FRAMING, JOSE CASTILLO D/B/A JJA FRAMING,JOSE GUTIERREZ, JAVIER MORENO, MECKLENBURG FRAMING, INC., D/B/A MECKLENBURG FRAMING,SAMUEL GLOVER D/B/A GLOVER'S BRICKWORK AND GLOVER'S BRICKWORKS, INC., Z & Z, INCORPORATED, CHRISTOS PALLES & ASSOCIATES, LLC d/b/a CHRIS PALLES & ASSOCIATES,DPM CONSTRUCTION, INC. D/B/A DPM MASONRY, UNITED SIDING SPECIALISTS, INC.,TOM'S VINYL SIDING, LLC, SUPERIOR SOLUTION, LLC, ALL AMERICAN ROOFING, INC., TONY FRONTIERO D/B/A TONY FRONTIERO PAINT CONTRACTOR, JUAN LUIS SANCHEZ, ALFONSO VILLAVICENIO D/B/A ALFONSO'S PAINTING, SCOTT HOLLAND D/B/A H & C CONSTRUCTION COMPANY, HERITAGE CONSTRUCTION CONSULTANTS, INC., AND ROBERT H. YARNALL D/B/A HERITAGE CONSTRUCTION CONSULTANTS, INC.)

45. Plaintiffs repeat and re-allege Paragraphs 1 through 44 above as if fully set forth verbatim.

46. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/a/a JJA**

Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork, Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc., and Robert Yarnall d/b/a Heritage Construction Consultants, Inc., by and through their agents, servants and employees undertook and were under a duty to develop, design, construct, repair and inspect the construction of the townhomes in accordance with the building code, construction industry standards and practices and in accordance with all requirements imposed by the laws and statutes of the State of South Carolina.

47. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC, were negligent, grossly negligent, careless, reckless, willful and wanton, in designing, developing, constructing and repairing, the townhomes at issue. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness, includes but is not limited to the following particulars, to-wit:

a. In failing to use due care in the design, development, construction and repair of the townhomes at issue;

Exhibit 4 Pg18

b. In improperly installing and construction, the exterior wall system including related flashings and weather proofing;
c. In designing, developing, constructing and repairing the townhomes at issue which fail to provide sufficient barriers against the intrusion of water into the wall system and an adequate avenue for exit of water that gets into the system resulting in water damage to the townhomes;
d. In designing, developing and constructing the townhomes in violation of applicable building codes, standard building practices, and accepted construction industry standards and practices;
e. In failing to properly install weep holes and proper flashings in the brick veneer;
f. In improperly installing flat brick roll lock in the brick veneer;
g. In failing to integrate the brick veneer and flashings into the water management system;
h. In failing to properly install sealants at the brick veneer and window intersections;
i. In installing brick in an abutted condition to the window;
j. In failing to properly install the secondary weatherbarrier;
k. In failing to properly install rough opening and other window flashings;
l. In failing to properly install windows and doors and related flashings and waterproofings;
m. In improper column support of the porch roofs;
n. In improper installation of the aluminum claddings;
o. In improper deck flashing installation;
p. In failing to properly install flashing;
q. In failing to properly install the roofs;
r. In improperly installing the windows;
s. In installing windows and doors to the townhomes which fail to provide a sufficient barrier against the intrusion of water;
t. In failing to properly install the vinyl siding;
u. Other deficiencies or failures as will be proven at trial.

48. **The Defendant, Colorworks Constructors, Inc., was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, repairing, remodeling, framing, supervising and inspecting the subject townhomes and in failing to construct, repair and/or remodel said townhomes and specifically the framing,**

Exhibit 4 Pg19

installation of windows and doors, installation of window and door flashings, secondary weather barrier, roofing and roof related flashings in accordance with the applicable building codes, manufacturers' recommendations, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness includes but is not limited to the following particulars, to-wit:

a. In failing to use due care in the construction, building, repair, remodeling, framing, installation of window and doors, installation of window and door flashings, secondary weather barrier, roofing and roof related flashings of the subject project;
b. In failing to adequately supervise the work and construction, building and repair of framing, installation of the windows and doors, installation of the window and door flashing, secondary weather barrier, roofing and roof related flashings;
c. In failing to hire competent subcontractors, specialty contractors, and/or employees;
d. In failing to adequately and competently supervise and/or train said subcontractors, specialty contractors and/or employees;
e. In constructing, repairing and/or remodeling subject townhomes in violation of applicable building codes, standard building practices, relevant product specifications and accepted construction industry standards and practices.
f. In improperly installing the framing;
g. In failing to properly install the windows and doors;
h. In failing to properly install window and door flashings including but limited to rough opening and window head flashings;
i. In failing to properly install the secondary weather barrier;
j. In failing to properly integrate the flashings and secondary weather barrier;

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k. In failing to properly install the roof shingles and related roofing accessories;

l. In failing to properly install roof flashing and correct any other flashing or lack thereof that could cause leaks;

m. In installing the framing, windows and doors, window and door flashings, secondary weather barrier, roofing and roof flashings to the townhomes which failed to provide a sufficient barrier against the intrusion of water;

n. In constructing, building and/or repairing the subject townhomes in such a manner that water entered the dwellings;

o. In failing to use due care in constructing, building, repairing the townhomes in such a fashion as to permit excessive moisture and water to cause damage to the sheathing, structural framing and damage other building components;

p. In other deficiencies as will be proven at trial.

49. The Defendants, JJA Construction, Inc. d/b/a JJA Framing, and Jose Castillo d/b/a JJA Framing, were negligent, grossly negligent, careless, reckless, willful and wanton in constructing, repairing, remodeling, supervising and inspecting the subject townhomes and in failing to construct, repair and/or remodel said townhomes and specifically the framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier in accordance with the applicable building codes, manufacturers' recommendations, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness,

Exhibit 4 Pg21

willfulness and wantonness includes but is not limited to the following particulars, to-wit:

a. In failing to use due care in the construction, repair, remodeling, framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier of the subject property;
b. In failing to adequately supervise the work and construction, building and remodeling of the framing, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
c. In failing to hire competent subcontractors, specialty contractors, and/or employees;
d. In failing to adequately and competently supervise and/or train said subcontractors, specialty contractors and/or employees;
e. In constructing, repairing and/or remodeling subject townhomes in violation of applicable building codes, standard building practices, relevant product specifications and accepted construction industry standards and practices.
f. In failing to properly frame the townhomes;
g. In failing to properly install windows and doors;
h. In failing to properly install window and door flashings including but not limited to rough opening and window head flashing;
i. In failing to properly install the secondary weather barrier;
j. In failing to properly integrate the flashings and secondary weather barrier;
k. In installing the framing, windows and doors, window and door flashings and the secondary weather barrier which failed to provide a sufficient barrier against the intrusion of water;
l. In constructing, building and/or repairing the townhomes in such a manner that water entered the dwellings;
m. In failing to use due care in constructing, building and/or repairing the townhomes in such a fashion as to permit excessive moisture and water to cause damage to the sheathing, structural framing and damage other building components;
n. In other deficiencies as will be proven at trial.

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50. The Defendant, Jose Gutierrez, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, repairing, remodeling, supervising and inspecting the subject townhomes and in failing to construct, repair and/or remodel said townhomes and specifically the framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier in accordance with the applicable building codes, manufacturers' recommendations, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness includes but is not limited to the following particulars, to-wit:

a. In failing to use due care in the construction, repair, remodeling, framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier of the subject property;
b. In failing to adequately supervise the work and construction, building and remodeling of the framing, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
c. In failing to hire competent subcontractors, specialty contractors, and/or employees;
d. In failing to adequately and competently supervise and/or train said subcontractors, specialty contractors and/or employees;
e. In constructing, repairing and/or remodeling subject townhomes in violation of applicable building codes, standard building practices, relevant product specifications and accepted construction industry standards and practices.

f. In failing to properly frame the townhomes;
g. In failing to properly install windows and doors;
h. In failing to properly install window and door flashings including but not limited to rough opening and window head flashing;
i. In failing to properly install the secondary weather barrier;
j. In failing to properly integrate the flashings and secondary weather barrier;
k. In installing the framing, windows and doors, window and door flashings and the secondary weather barrier which failed to provide a sufficient barrier against the intrusion of water;
l. In constructing, building and/or repairing the townhomes in such a manner that water entered the dwellings;
m. In failing to use due care in constructing, building and/or repairing the townhomes in such a fashion as to permit excessive moisture and water to cause damage to the sheathing, structural framing and damage other building components;
n. In other deficiencies as will be proven at trial.

51. The Defendant, Javier Moreno, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, repairing, remodeling, supervising and inspecting the subject townhomes and in failing to construct, repair and/or remodel said townhomes and specifically the framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier in accordance with the applicable building codes, manufacturers' recommendations, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness,

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willfulness and wantonness includes but is not limited to the following particulars, to-wit:

a. In failing to use due care in the construction, repair, remodeling, framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier of the subject property;
b. In failing to adequately supervise the work and construction, building and remodeling of the framing, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
c. In failing to hire competent subcontractors, specialty contractors, and/or employees;
d. In failing to adequately and competently supervise and/or train said subcontractors, specialty contractors and/or employees;
e. In constructing, repairing and/or remodeling subject townhomes in violation of applicable building codes, standard building practices, relevant product specifications and accepted construction industry standards and practices.
f. In failing to properly frame the townhomes;
g. In failing to properly install windows and doors;
h. In failing to properly install window and door flashings including but not limited to rough opening and window head flashing;
i. In failing to properly install the secondary weather barrier;
j. In failing to properly integrate the flashings and secondary weather barrier;
k. In installing the framing, windows and doors, window and door flashings and the secondary weather barrier which failed to provide a sufficient barrier against the intrusion of water;
l. In constructing, building and/or repairing the townhomes in such a manner that water entered the dwellings;
m. In failing to use due care in constructing, building and/or repairing the townhomes in such a fashion as to permit excessive moisture and water to cause damage to the sheathing, structural framing and damage other building components;
n. In other deficiencies as will be proven at trial.

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52. The Defendant, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, repairing, remodeling, supervising and inspecting the subject townhomes and in failing to construct, repair and/or remodel said townhomes and specifically the framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier in accordance with the applicable building codes, manufacturers' recommendations, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness includes but is not limited to the following particulars, to-wit:

a. In failing to use due care in the construction, repair, remodeling, framing, installation of windows and doors, installation of window and door flashings, and secondary weather barrier of the subject property;
b. In failing to adequately supervise the work and construction, building and remodeling of the framing, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
c. In failing to hire competent subcontractors, specialty contractors, and/or employees;
d. In failing to adequately and competently supervise and/or train said subcontractors, specialty contractors and/or employees;
e. In constructing, repairing and/or remodeling subject townhomes in violation of applicable building codes, standard building practices, relevant product specifications and accepted construction industry standards and practices.
f. In failing to properly frame the townhomes;

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g. In failing to properly install windows and doors;
h. In failing to properly install window and door flashings including but not limited to rough opening and window head flashing;
i. In failing to properly install the secondary weather barrier;
j. In failing to properly integrate the flashings and secondary weather barrier;
k. In installing the framing, windows and doors, window and door flashings and the secondary weather barrier which failed to provide a sufficient barrier against the intrusion of water;
l. In constructing, building and/or repairing the townhomes in such a manner that water entered the dwellings;
m. In failing to use due care in constructing, building and/or repairing the townhomes in such a fashion as to permit excessive moisture and water to cause damage to the sheathing, structural framing and damage other building components;
n. In other deficiencies as will be proven at trial.

53. The Defendants, Samuel Glover d/b/a Glover's Brickwork and Glover's Brickworks, Inc., were negligent, grossly negligent, careless, reckless, willful and wanton in constructing, supervising and installation of the brick veneer and related flashings and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, repair, remodeling and in installing the

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masonry, brick and related flashings to and on the subject townhomes;

b. In failing to adequately supervise the work and construction, repair and remodeling of the subject townhomes including but not limited to the installing of the masonry and brick and related flashings;

c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty contractors and employees;

d. In failing to properly install the masonry, brick veneer and related flashings;

e. In failing to properly install weep holes and weep flashing;

f. In installing flat brick roll locks;

g. In failing to integrate the brick veneer and brick flashings into the water management system;

h. In failing to properly construct the brick veneer which resulted in excessive moisture and water intrusion causing damage to the sheathing, structural framing and damage to other building components;

i. Other deficiencies as will be proven at trial.

54. The Defendant, Z & Z Incorporated, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, supervising and installation of the brick veneer and related flashings and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, repair, remodeling and in installing the masonry, brick and related flashings to and on the subject townhomes;

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b. In failing to adequately supervise the work and construction, repair and remodeling of the subject townhomes including but not limited to the installing of the masonry and brick and related flashings;
c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty contractors and employees;
d. In failing to properly install the masonry, brick veneer and
e. In failing to properly install weep holes and weep flashing;
f. In installing flat brick roll locks;
g. In failing to integrate the brick veneer and brick flashings into the water management system;
h. In failing to properly construct the brick veneer which resulted in excessive moisture and water intrusion causing damage to the sheathing, structural framing and damage to other building components;
i. Other deficiencies as will be proven at trial.

55. The Defendant, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, supervising and installation of the brick veneer and related flashings and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, repair, remodeling and in installing the masonry, brick and related flashings to and on the subject townhomes;
b. In failing to adequately supervise the work and construction, repair and remodeling of the subject

Exhibit 4 Pg29

townhomes including but not limited to the installing of the masonry and brick and related flashings;

c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty contractors and employees;
d. In failing to properly install the masonry, brick
e. In failing to properly install weep holes and weep flashing;
f. In installing flat brick roll locks;
g. In failing to integrate the brick veneer and brick flashings into the water management system;
h. In failing to properly construct the brick veneer intrusion causing damage to the sheathing, structural framing and damage to other
i. Other deficiencies as will be proven at trial.

56. The Defendant, DPM Construction, Inc. d/b/a DPM Masonry, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, supervising and installation of the brick veneer and related flashings and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, repair, remodeling and in installing the masonry, brick and related flashings to and on the subject townhomes;
b. In failing to adequately supervise the work and construction, repair and remodeling of the subject townhomes including but not limited to the installing of the masonry and brick and related flashings;
c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty contractors and employees;

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d. In failing to properly install the masonry, brick veneer and related flashings;
e. In failing to properly install weep holes and weep flashing;
f. In installing flat brick roll locks;
g. In failing to integrate the brick veneer and brick flashings into the water management system;
h. In failing to properly construct the brick veneer which resulted in excessive moisture and water intrusion causing damage to the sheathing, structural framing and damage to other building components;
i. Other deficiencies as will be proven at trial.

57. The Defendant, United Siding Specialists, Inc., was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, supervising and installing the siding and related flashings as well as insuring the windows and doors, window and door flashings and secondary weather barrier were properly installed and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, repair, remodeling, and in installing the siding, flashings related to the installation of the siding, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
b. In failing to adequately supervise the work and construction, repair and remodeling of the townhomes including but not limited to the siding, flashings

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related to the installation of the siding, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;

c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty subcontractor and employees;

d. In failing to properly install the vinyl siding, flashings and caulk and sealants around windows and doors;

e. In failing to properly install windows and doors and window and door flashings and/or correct improperly installed windows and doors and and/or window and door flashings prior to installing the siding;

f. In failing to properly install the secondary weather barrier and/or correct the improperly installed secondary weather barrier or lack thereof prior to installing the siding;

g. In failing to properly install the vinyl siding and related flashings, windows and doors and related flashings and secondary weather barrier which has resulted in excessive moisture and water intrusion causing damage to the sheathing, framing, and damage to other building components;

h. Other deficiencies or failures as will be proven at trial.

58. The Defendant, Tom's Vinyl Siding, LLC, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, supervising and installing siding and related flashings as well as insuring the windows and doors, window and door flashings and secondary weather barrier were properly installed and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness,

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willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, repair, remodeling, and in installing the siding, flashings related to the installation of the siding, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
b. In failing to adequately supervise the work and construction, repair and remodeling of the townhomes including but not limited to the siding, flashings related to the installation of the siding, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty subcontractor and employees;
d. In failing to properly install the vinyl siding and related flashings and caulk and sealants around windows and doors;
e. In failing to properly install windows and doors and window and door flashings and/or correct improperly installed windows and doors and and/or window and door flashings prior to installing the siding;
f. In failing to properly install the secondary weather barrier and/or correct the improperly installed secondary weather barrier or lack thereof prior to installing the siding;
g. In failing to properly install the vinyl siding and related flashings, windows and doors and related flashings and secondary weather barrier which has resulted in excessive moisture and water intrusion causing damage to the sheathing, framing, and damage to other building components;
h. Other deficiencies or failures as will be proven at trial.

59. The Defendant, Superior Solution, LLC, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, supervising and installing siding and related flashings as well as insuring the windows and doors, window and door flashings

Exhibit 4 Pg33

and secondary weather barrier were properly installed and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, repair, remodeling, and in installing the siding, flashings related to the installation of the siding, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
b. In failing to adequately supervise the work and construction, repair and remodeling of the townhomes including but not limited to the siding, flashings related to the installation of the siding, installation of the windows and doors, installation of the window and door flashings and the secondary weather barrier;
c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty subcontractor and employees;
d. In failing to properly install the vinyl siding and related flashings and caulk and sealants around windows and doors;
e. In failing to properly install windows and doors and window and door flashings and/or correct improperly installed windows and doors and and/or window and door flashings prior to installing the siding;
f. In failing to properly install the secondary weather barrier and/or correct the improperly installed secondary weather barrier or lack thereof prior to installing the siding;
g. In failing to properly install the vinyl siding and related flashings, windows and doors and related flashings and secondary weather barrier which has

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resulted in excessive moisture and water intrusion causing damage to the sheathing, framing, and damage to other building components;

h. Other deficiencies or failures as will be proven at trial.

60. The Defendant, All American Roofing, Inc., was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, building, installing, and supervising the installation of the roofing, shingles and roof related flashings, and in failing to construct, build and install the roofing, shingles, and roof flashings, in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the project, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building, and repair and installation of roofing, shingles and roof flashings;
b. In failing to adequately supervise the work and construction of the townhomes including the roofing, shingles and roof flashing;
c. In failing to hire competent subcontractors or supervise and/or train said subcontractors, specialty, subcontractors and employees;
d. In failing to properly nail and install the roof shingles and the flashings;
e. In failing to properly install the roofing system to include proper roof flashings and failing to correct any other flashings that could cause leaks;
f. In failing to properly install the roofing and related flashings which has resulted in water damage to the sheathing, framing, and damage to other building components;

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g. Other deficiencies or failures as will be proven at trial.

61. The Defendant, Tony Frontiero d/b/a Toney Frontiero Paint Contractor, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, and providing painting, sealants and caulk to the subject townhomes and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building and repair and in painting and installation of caulk, and sealants at dissimilar materials to include but not limited to windows and doors;
b. In failing to adequately supervise the construction of the subject townhomes;
c. In failing to hire competent employees, subcontractors or specialty contractors;
d. In improperly and/or failing to apply sealants and caulks;
e. In failing to adequately and competently supervise and/or train said employees, subcontractors or specialty contractors;
f. In improperly installing and/or failing to install the sealants, caulks, and waterproofings at dissimilar materials to include but not limited to windows and doors in violation of the building code, standard building practices and accepted construction industry standards and practices; and
g. Other deficiencies or failures will be proved at trial.

62. The Defendant, Juan Luis Sanchez, was negligent,

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grossly negligent, careless, reckless, willful and wanton in constructing, and providing painting, sealants and caulk to the subject townhomes and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building and repair and in painting and installation of caulk, and sealants at dissimilar materials to include but not limited to windows and doors;
b. In failing to adequately supervise the construction of the subject townhomes;
c. In failing to hire competent employees, subcontractors or specialty contractors;
d. In improperly and/or failing to apply sealants and caulks;
e. In failing to adequately and competently supervise and/or train said employees, subcontractors or specialty contractors;
f. In improperly installing and/or failing to install the sealants, caulks, and waterproofings at dissimilar materials to include but not limited to windows and doors in violation of the building code, standard building practices and accepted construction industry standards and practices; and
g. Other deficiencies or failures will be proved at trial.

63. The Defendant, Alfonso Villavicenio d/b/a Alfonso's Painting, was negligent, grossly negligent, careless, reckless, willful and wanton in constructing, and providing painting, sealants

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and caulk to the subject townhomes and in failing to construct and/or repair said townhomes in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the townhomes, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to use due care in the construction, building and repair and in painting and installation of caulk, and sealants at dissimilar materials to include but not limited to windows and doors;
b. In failing to adequately supervise the construction of the subject townhomes;
c. In failing to hire competent employees, subcontractors or specialty contractors;
d. In improperly and/or failing to apply sealants and caulks;
e. In failing to adequately and competently supervise and/or train said employees, subcontractors or specialty contractors;
f. In improperly installing and/or failing to install the sealants, caulks, and waterproofings at dissimilar materials to include but not limited to windows and doors in violation of the building code, standard building practices and accepted construction industry standards and practices; and
g. Other deficiencies or failures will be proved at trial.

64. The Defendant, Scott Holland d/b/a H & C Construction Company, was negligent, grossly negligent, careless, reckless, willful and wanton in inspecting and approving the work of subcontractors including the installation of the siding, brick veneer, flashings and roofs, and in failing to inspect the townhomes to insure they were

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built in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the project, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness, recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to adequately inspect the construction of the subject townhomes and villas;
b. In failing to hire competent employees;
c. In failing to properly inspect the installation of the siding, brick veneer, flashings, windows and roofs;
d. In failing to insure that the construction met the applicable building codes and industry standards;
e. Other deficiencies or failures as will be proven at trial.

65. The Defendants, Heritage Construction Consultants, Inc. and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc., were negligent, grossly negligent, careless, reckless, willful and wanton in inspecting and approving the work of subcontractors including the installation of the siding, brick veneer, flashings and roofs, and in failing to inspect the townhomes and villas to insure they were built in accordance with applicable building code, and in conformance with accepted construction and industry standards, all of which have directly and proximately caused defects and deficiencies in the project, which will need to be or have been corrected, repaired and/or replaced. Such negligence, gross negligence, carelessness,

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recklessness, willfulness and wantonness include but are not limited to the following particulars, to wit:

a. In failing to adequately inspect the construction of the subject townhomes and villas;
b. In failing to hire competent employees;
c. In failing to properly inspect the installation of the siding, brick veneer, flashings, windows and roofs;
d. In failing to insure that the construction met the applicable building codes and industry standards;
e. Other deficiencies or failures as will be proven at trial.

66. That as a direct and proximate result of the negligence, gross negligence, carelessness, willfulness, wantonness of the Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork, Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc. and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc., the Plaintiff and similarly situated townhome owners have

Exhibit 4 Pg40

suffered actual, incidental, consequential, and special damages including but not limited to the expense of having to hire experts to investigate the causes of the water intrusion and conditions conducive to water intrusion, and construction defects and failures set forth above and having to spend substantial sums of money in order to renovate, correct, repair and restore the townhomes at issue to make them safe and habitable. Additionally, the Plaintiff and the Class have been injured and otherwise damaged in that there has been a continuous exposure to moisture and water that intruded and continues to intrude into the subject townhomes causing and resulting in damage to walls, deterioration, and other damages to the finishes and structural elements of the townhomes. Each year since completion new areas of damage occurred, separate and apart from any damage already in progress of occurring. All of which has or will require the Plaintiff and others similarly situated to expend great amounts of money to correct and repair as well as suffer the loss of use and enjoyment of their property by virtue of the defects and damages aforesaid.

FOR A SECOND CAUSE OF ACTION
(Breach of Warranty of Habitability, Breach of Warranty Against Latent Defects, Breach of Warranty of Workmanlike Services, Breach of Warranty for Fitness for a Particular Purpose and Breach of Warranty of Merchantability and Serviceability and Breach of Express Warranty)
(AS TO PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC , PASQUINELLI HOMEBUILDING, LLC, COLORWORKS CONSTRUCTORS, INC., JJA CONSTRUCTION, INC. D/A/A JJA FRAMING, JOSE CASTILLO D/B/A JJA FRAMING, JOSE GUTIERREZ, JAVIER MORENO, MECKLENBURG FRAMING, INC. D/B/A MECKLENBURG FRAMING, SAMUEL GLOVER D/B/A GLOVER'S BRICKWORK, GLOVER'S BRICKWORKS, INC., Z & Z, INCORPORATED, CHRISTOS PALLES & ASSOCIATES, LLC d/b/a CHRIS PALLES & ASSOCIATES,DPM CONSTRUCTION, INC. D/B/A DPM MASONRY, UNITED SIDING SPECIALISTS, INC.,TOM'S VINYL SIDING, LLC, SUPERIOR SOLUTION, LLC, ALL

Exhibit 4 Pg41

AMERICAN ROOFING, INC., TONY FRONTIERO D/B/A TONY FRONTIERO PAINT CONTRACTOR, JUAN LUIS SANCHEZ, ALFONSO VILLAVICENIO D/B/A ALFONSO'S PAINTING, SCOTT HOLLAND D/B/A H & C CONSTRUCTION COMPANY, HERITAGE CONSTRUCTION CONSULTANTS, INC., AND ROBERT H. YARNALL D/B/A HERITAGE CONSTRUCTION CONSULTANTS, INC.

67. Each and every allegation contained in Paragraphs 1 through 66 above are incorporated herein by express reference as though fully set forth.

68. That the Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/a/b JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork, Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc. and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc.**, implicitly and/or expressly warranted and provided warranties that the subject townhomes and common areas would be habitable and fit for its intended uses, and that said townhomes would be designed, developed, constructed, and repaired in a fit, serviceable, good and workmanlike fashion in accordance with the applicable building codes, and accepted construction industry

standards applicable thereto and that the subject townhomes would be merchantable, free from latent defects and fit for the particular purpose for which they were developed, constructed, built and sold.

69. That Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork, Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc. and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc.**, breached said warranties by designing, developing, constructing, and/or repairing and/or inspect construction of the construction the subject residences in such manner as to be in violation of applicable building codes and not in conformance with accepted construction and industry standards.

70. As a direct and proximate result of the Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a**

Exhibit 4 Pg43

Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork, Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, and Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc. and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc.'s, breach of these warranties, the Plaintiffs and similarly situated townhome owners have suffered actual, direct, incidental, consequential and special damages, including but not limited to, the expenses associated with having to hire experts to investigate the causes of the defects set forth above and having to spend substantial sums of money in order to renovate, correct, repair and restore the townhomes to make them safe and habitable. Additionally, Plaintiff has been injured and otherwise damaged in that there has been a continuous exposure to moisture and water that intruded and continues to intrude into the subject townhomes causing and resulting in damage to walls, deterioration, and other damages to the finishes and structural elements of the townhomes. Each year since completion new areas of damage occurred, separate and apart from any damage already in progress of occurring. All of which has or will require the Plaintiff and others similarly situated to expend great amounts of money to correct and repair as well as suffer the loss of use and

enjoyment of their property by virtue of the defects and damages aforesaid.

FOR A THIRD CAUSE OF ACTION
(Unfair Trade Practices)
(AS TO PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC, PASQUINELLI HOMEBUILDING, LLC, COLORWORKS CONSTRUCTORS, INC., JJA CONSTRUCTION, INC. D/A/A JJA FRAMING, JOSE CASTILLO D/B/A JJA FRAMING, JOSE GUTIERREZ, JAVIER MORENO, MECKLENBURG FRAMING, INC. D/B/A MECKLENBURG FRAMING, SAMUEL GLOVER D/B/A GLOVER'S BRICKWORK, GLOVER'S BRICKWORKS, INC., Z & Z, INCORPORATED, CHRISTOS PALLES & ASSOCIATES, LLC d/b/a CHRIS PALLES & ASSOCIATES,DPM CONSTRUCTION, INC. D/B/A DPM MASONRY, UNITED SIDING SPECIALISTS, INC.,TOM;S VINYL SIDING, LLC, SUPERIOR SOLUTION, LLC, ALL AMERICAN ROOFING, INC., TONY FRONTIERO D/B/A TONY FRONTIERO PAINT CONTRACTOR, JUAN LUIS SANCHEZ, AND ALFONSO VILLAVICENIO D/B/A ALFONSO'S PAINTING, SCOTT HOLLAND D/B/A H & C CONSTRUCTION COMPANY, HERITAGE CONSTRUCTION CONSULTANTS, INC., ROBERT H. YARNALL D/B/A HERITAGE CONSTRUCTION CONSULTANTS, INC.)

71. Each and every allegation contained in Paragraphs 1 through 70 above are incorporated herein by express reference as though fully set forth.

72. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork, Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, and Alfonso Villavicenio d/b/a**

Exhibit 4 Pg45

Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc. and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc., are "persons" within the meaning of South Carolina Code § 39-5-10(a).

73. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork, Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc. and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc.,** by their actions in developing, designing, constructing, repairing, supervising and overseeing construction are engaged in commerce within the meaning of South Carolina Code §39-5-10(b).

74. The Defendants, Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, Pasquinelli Homebuilding, LLC, **Colorworks Constructors, Inc., JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing, Jose Gutierrez, Javier**

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Moreno, Mecklenburg Framing, Inc. d/b/a Mecklenburg Framing, Samuel Glover d/b/a Glover's Brickwork, Glover's Brickworks, Inc., Z & Z Incorporated, Christos Palles & Associates, LLC d/b/a Chris Palles & Associates, DPM Construction, Inc. d/b/a DPM Masonry, United Siding Specialists, Inc., Tom's Vinyl Siding, LLC, Superior Solution, LLC, All American Roofing, Inc., Tony Frontiero d/b/a Tony Frontiero Paint Contractor, Juan Luis Sanchez, and Alfonso Villavicenio d/b/a Alfonso's Painting, Scott Holland d/b/a H & C Construction Company, Heritage Construction Consultants, Inc. and Robert H. Yarnall d/b/a Heritage Construction Consultants, Inc., by their action(s) described hereinabove, including representations to the Plaintiffs that induced them to purchase townhomes at issue in this case, constitute unfair and deceptive practices within the meaning of South Carolina Code §39-5-20(a).

75. The Defendants' act(s) are capable of repetition and, upon information and belief and in accord with the allegations herein, have been repeated.

76. The Defendants' conduct affects the public interest of the people of South Carolina.

77. The Defendants knew or should have reasonably known, that their conduct violated the Unfair Trade Practices Act.

78. As a direct, foreseeable and proximate result of the Defendants' unfair and deceptive practices, the Plaintiff and similarly situated townhome owners have suffered actual, direct, incidental, consequential and special damages, including but not limited to, the expenses associated with having to hire experts to

Exhibit 4 Pg47

investigate the causes of the defects set forth above and having to spend substantial sums of money in order to renovate, correct, repair and restore their townhomes to make them safe and habitable. Additionally, Plaintiff has been injured and otherwise damaged in that there has been a continuous exposure to moisture and water that intruded and continues to intrude into the subject townhomes causing and resulting in damage to walls, deterioration, and other damages to the finishes and structural elements of the townhomes. Each year since completion new areas of damage occurred, separate and apart from any damage already in progress of occurring. All of which has or will require the Plaintiff and others similarly situated to expend great amounts of money to correct and repair as well as suffer the loss of use and enjoyment of their property by virtue of the defects and damages aforesaid.

RELIEF REQUESTED

WHEREFORE, the Plaintiff and the Class respectfully prays that this Court certify this action as a Class Action under Rule 23 of the South Carolina Rules of Civil Procedure, hold the Defendants liable for the conduct complained of herein, enter a judgment jointly and severally against the Defendants and in favor of the Plaintiff and the Class for the relief as requested in this Complaint, and award the Plaintiff and the Class their costs and attorneys fees, and for such other and further relief as may be deemed appropriate.

Plaintiff and the Class further demand a jury trial with respect to all issues so triable.

SEGUI LAW FIRM, PC

By: Phillip W. Segui, Jr. by JWT
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THURMOND, KIRCHNER, TIMBES & YELVERTON, P.A.

By: Jesse A. Kirchner by JWT
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jkirchner@tktlawfirm.com
Attorneys for Plaintiffs

Charleston, South Carolina

Dated: 3/18, 2013

Exhibit 4 Pg49

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID KH JJAFR-1 | DATE (MM/DD/YYYY) 12/06/05

PRODUCER

Taylor Agency
P. O. Box 30609
Charleston SC 29417
Phone: 843-762-1805 Fax: 843-795-3193

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE | NAIC #

INSURED

JJA Construction, Inc.
Jose A Castillo
11227 Eastfield Rd.
Huntersville NC 28078

INSURER A: Pennsylvania National Ins. Co. 32441
INSURER B:
INSURER C:
INSURER D:
INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY					
	X	COMMERCIAL GENERAL LIABILITY	GL90601617	12/05/05	12/05/06	EACH OCCURRENCE	$1,000,000
		CLAIMS MADE [X] OCCUR				DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 100,000
						MED EXP (Any one person)	$ 5,000
						PERSONAL & ADV INJURY	$1,000,000
		GEN'L AGGREGATE LIMIT APPLIES PER:				GENERAL AGGREGATE	$2,000,000
		POLICY [X] PRO-JECT [ ] LOC				PRODUCTS - COMP/OP AGG	$2,000,000
A		AUTOMOBILE LIABILITY					
		ANY AUTO	AU90601617	12/05/05	12/05/06	COMBINED SINGLE LIMIT (Ea accident)	$1,000,000
		ALL OWNED AUTOS					
	X	SCHEDULED AUTOS				BODILY INJURY (Per person)	$
	X	HIRED AUTOS				BODILY INJURY (Per accident)	$
	X	NON-OWNED AUTOS					
						PROPERTY DAMAGE (Per accident)	$
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	$
		ANY AUTO				OTHER THAN AUTO ONLY: EA ACC	$
						AGG	$
		EXCESS/UMBRELLA LIABILITY				EACH OCCURRENCE	$
		OCCUR [ ] CLAIMS MADE				AGGREGATE	$
							$
		DEDUCTIBLE					$
		RETENTION $					$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATU-TORY LIMITS / OTH-ER	
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				E.L. EACH ACCIDENT	$
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE	$
						E.L. DISEASE - POLICY LIMIT	$
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

1. Portrait Homes- South Carolina, LLC and all wholly owned subsidiaries and Pasquinelli Management, LLC are named as additional insureds.
2. Coverage includes contractual liability coverage.
3. Coverage shall be primary and non-contributory and includes a 71 1145 0105 and 71 0741 0105. (attached)

CERTIFICATE HOLDER

PORTRAI

Pasquinelli Management, LLC
Portrait Homes-South Carolina, LLC
4975 Lacross Rd., Suite 150
N. Charleston SC 29406

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
Katie Huber Katie H

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PLAINTIFF'S EXHIBIT 5

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P. O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS (COMPLETED OPERATIONS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following provision is added to **SECTION II - WHO IS AN INSURED**

6. Any person(s) or organization(s) (referred to below as additional insured) with whom you are required in a written contract or agreement to name as an additional insured for the "products-completed operations hazard", but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work", at the location or project designated and described in the contract or agreement, performed for that additional insured and included in the "products-completed operations hazard".

A person's or organization's status as an additional insured under this endorsement ends when the obligation to provide additional insured status for the "products-completed operations hazard" in the written contract or agreement ends.

B. With respect to insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

1. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and
2. Supervisory, inspection, architectural or engineering activities.

C. The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

D. With respect to the coverage provided by this endorsement, **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph **4. Other Insurance**, Subparagraph **a. Primary Insurance**, is deleted and replaced by the following:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below, except;

(1) If a written contract or agreement that requires any person(s) or organization(s) to be an additional insured also requires this insurance to be primary and noncontributory, then this insurance is primary over any other insurance in which the additional insured is a Named Insured. We will not seek contribution from any other liability policy in which the additional insured is a Named Insured.

71 1145 0105

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Exhibit 5 Pg2

in addition to the limits of insurance shown in the Declarations.

D. With respect to the coverage provided by this endorsement, **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph **4. Other Insurance**, Subparagraph **a. Primary Insurance**, is replaced by the following:

a. Primary Insurance

This insurance is primary except when **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in **c.** below, except;

(1) If a written contract or agreement that requires any person(s) or organization(s) to be an additional insured also requires this insurance to be primary and noncontributory, then this insurance is primary over any other insurance in which the additional insured is a Named Insured. We will not seek contribution from any other liability policy in which the additional insured is a Named Insured.

E. The coverage provided by this endorsement does not apply to any person(s) or organization(s) specifically named as additional insured in any policy issued by "us".

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HOOD
LAW FIRM
LLC

C. TYSON NETTLES
Partner
(SC & MS)
DIRECT DIAL: (843) 577-1216
EMAIL: tyson.nettles@hoodlaw.com

June 5, 2013

Via Certified Mail, Return Receipt Requested
Pennsylvania National Insurance Co
P.O. Box 2361
Harrisburg, PA 17105

Re: **ADDITIONAL INSURED TENDER**
Primary Insured: Jose Castillo d/b/a JJA Framing
Additional Insured: Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC
Carrier: Pennsylvania National Insurance Co
Policy No(s).: GL90601617
Policy Start Date: 12/5/2005
Policy End Date: 12/5/2006
Project/Claim:

Cheryl L. Waker, on behalf of herself and others similarly situated v. Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC
C/A No. and Jurisdiction: 2012-CP-08-3066, Berkeley CP

Persimmon Hill HOA v. Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC
C/A No. and Jurisdiction: 2012-CP-08-3065, Berkeley CP

Dear Sirs:

I represent Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, and Pasquinelli Homebuilding, LLC who was involved in the construction of the above-referenced construction project. Portrait contracted with your Primary Insured, Jose Castillo d/b/a JJA Framing, for framing during original construction.

The Persimmon Hill HOA and Cheryl L. Waker have filed suit against Portrait alleging numerous construction defects mostly related to water intrusion. I am enclosing a copy of their forensic expert's report along with the latest Amended Complaint. According to the building records, some of the earliest units were completed as early as March of 2002 and work continued until at the later part of 2006. It is believed that Jose Castillo d/b/a JJA Framing's framing work contributed to these alleged damages.

Portrait's contract with your Primary Insured expressly required it to obtain insurance policies that name Portrait by separate endorsement as an additional insured. This contractual obligation on the part of your Primary Insured was apparently complied with, at least in part, as Portrait was named as a specific additional insured under the policy/policies issued by your company. I enclose copies of the insurance information which we have listing Portrait as an additional insured.

PLAINTIFF'S EXHIBIT 6

In addition to the express provision whereby Portrait was named as a specific additional insured, your Primary Insured may have also obtained an endorsement which made your policy primary and include "contractual liability coverage."

Portrait is entitled to a defense and to indemnification as an additional insured under the referenced policies for any and all sums that hereinafter are paid or expended by Portrait to defend against and to resolve these potential claims. Moreover, if Portrait is or may be an additional insured under any other applicable policies with the insurer, demand is hereby made for indemnity pursuant to those policies.

Please forward complete and certified copies of all policies issued on behalf of Jose Castillo d/b/a JJA Framing together with all attachments and endorsements, from 2001 to the present.

In the meantime, if you should have any questions or comments with respect to any of the above, please do not hesitate to contact me. Please confirm your receipt of this correspondence and also advise me of the insurer's position with regard to this request for indemnity.

Thank you for your kind attention in this matter, and I look forward to hearing back from you at your earliest convenience.

Kind regards,

Yours truly,

C. Tyson Nettles

CTN/adg
Enclosure(s)
cc: Taylor Agency Post Office Box 30609 Charleston, SC 29417
Phillip W. Segui, Jr., Esquire / Hunter Higgison, Esquire [Via Email Only]
Jesse A. Kirchner, Esquire [Via Email Only]
John T. Chakeris, Esquire [Via Email Only]

HOOD LAW FIRM LLC
CHARLESTON, SOUTH CAROLINA
Created By MLT
6/7/2013
843-577-4435
COMPACT
disc
HLF File # 14.037
Waker v. Portrait Homes, Pasquinelli Homebuilding, LLC., et al
and
Persimmon Hill HOA v. Portrait Homes, Pasquinelli
Homebuilding LLC, et al
AI Tender - Persimmon Hill

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID AD JJAFR-1 | DATE (MM/DD/YYYY) 12/07/04

PRODUCER

Taylor Agency
P. O. Box 30609
Charleston SC 29417
Phone: 843-762-1805 Fax: 843-795-3193

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

JJA Framing Company
Jose Castillo
3000 Colvard Parkway
Charlotte NC 28269

Vendor # 101397

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Pennsylvania National Ins. Co.	32441
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [X] PRO-JECT [ ] LOC	GL90601617	12/05/04	12/05/05	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 100,000 $ 5,000 $ 1,000,000 $ 2,000,000 $ 2,000,000
A		AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] ALL OWNED AUTOS [X] SCHEDULED AUTOS [X] HIRED AUTOS [X] NON-OWNED AUTOS	AU90601617	12/05/04	12/05/05	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
		GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
		EXCESS/UMBRELLA LIABILITY [ ] OCCUR [ ] CLAIMS MADE [ ] DEDUCTIBLE [ ] RETENTION $				EACH OCCURRENCE AGGREGATE	$ $
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATU-TORY LIMITS [ ] OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ $ $
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Pasquinelli Construction Co., Pasquinelli Management, LLC and Portrait Homes Construction Co. are named as Additional Insureds. Coverage includes Contractual Liability coverage. Coverage includes a CG2037 10/01 endorsement. Attn: Bonnie Rollins, Fax: 704-849-2225

CERTIFICATE HOLDER

PORTRAI

Pasquinelli Construction Co.,
Pasquinelli Management, LLC &
Portrait Homes Construction Co
9111-100 Monroe Rd.
Charlotte NC 28270

DEC 10 2004

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
Alicia D. Brown

ACORD 25 (2001/08)

© ACORD CORPORATION 1988

12/13/04 jm

PLAINTIFF'S EXHIBIT 7

POLICY NUMBER: GL90601617
JJA Framing Company/Jose Castillo

COMMERCIAL GENERAL LIABILITY
CG 20 37 10 01

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization:	Pasquinelli Construction Co., Pasquinelli Management, LLC & Portrait Homes Construction Company 9111-100 Monroe Road Charlotte, NC 28270
Location And Description of Completed Operations:	Work Done for the above referenced organization
Additional Premium:	$250.00

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Section II – Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products-completed operations hazard".

© ISO Properties, Inc., 2000

Exhibit 7 Pg2

HOOD
LAW FIRM
LLC

C. TYSON NETTLES
Partner
(SC & MS)
DIRECT DIAL: (843) 577-1216
EMAIL: tyson.nettles@hoodlaw.com

May 23, 2014

Via Certified Mail, Return Receipt Requested
Pennsylvania National Insurance Co.
P.O. Box 2361
Harrisburg, PA 17105-2361

Re: **ADDITIONAL INSURED TENDER**
Primary Insured: Jose Castillo d/b/a JJA Framing
Additional Insured: Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC
Carrier: Pennsylvania National Insurance Co
Policy No(s).: GL90601617
Policy Start Date: 12/5/2004
Policy End Date: 12/5/2005
Project/Claim:

Cheryl L. Waker, on behalf of herself and others similarly situated v. Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC
C/A No. and Jurisdiction: 2012-CP-08-3066, Berkeley CP

Persimmon Hill HOA v. Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC and Pasquinelli Homebuilding, LLC
C/A No. and Jurisdiction: 2012-CP-08-3065, Berkeley CP

Dear Sirs:

I represent Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC, and Pasquinelli Homebuilding, LLC who was involved in the construction of the above-referenced construction project. Portrait contracted with your Primary Insured, Jose Castillo d/b/a JJA Framing, for framing during original construction.

The Persimmon Hill HOA and Cheryl L. Waker have filed suit against Portrait alleging numerous construction defects mostly related to water intrusion. I am enclosing a copy of their forensic expert's report along with the latest Amended Complaint. According to the building records, some of the earliest units were completed as early as March of 2002 and work continued until at the later part of 2006. It is believed that Jose Castillo d/b/a JJA Framing's framing work contributed to these alleged damages.

Portrait's contract with your Primary Insured expressly required it to obtain insurance policies that name Portrait by separate endorsement as an additional insured. This contractual obligation on the part of your Primary Insured was apparently complied with, at least in part, as Portrait was named as a specific additional insured under the policy/policies issued by your company. Copies of the insurance information which we have listing Portrait as an additional insured and the above-referenced documents may be obtained via the following link: https://hoodlaw.sharefile.com/d/s7a1a610b6654e16b.

PLAINTIFF'S
EXHIBIT
8

In addition to the express provision whereby Portrait was named as a specific additional insured, your Primary Insured may have also obtained an endorsement which made your policy primary and include "contractual liability coverage."

Portrait is entitled to a defense and to indemnification as an additional insured under the referenced policies for any and all sums that hereinafter are paid or expended by Portrait to defend against and to resolve these potential claims. Moreover, if Portrait is or may be an additional insured under any other applicable policies with the insurer, demand is hereby made for indemnity pursuant to those policies.

Please forward complete and certified copies of all policies issued on behalf of Jose Castillo d/b/a JJA Framing together with all attachments and endorsements, from 2001 to the present.

In the meantime, if you should have any questions or comments with respect to any of the above, please do not hesitate to contact me. Please confirm your receipt of this correspondence and also advise me of the insurer's position with regard to this request for indemnity.

Thank you for your kind attention in this matter, and I look forward to hearing back from you at your earliest convenience.

Kind regards,

Yours truly,

C. Tyson Nettles

CTN/adg
Enclosure(s)
cc: Taylor Agency, Post Office Box 30609, Charleston, SC 29417
Phillip W. Segui, Jr., Esquire / Hunter Higgison, Esquire [Via Email Only]
Jesse A. Kirchner, Esquire [Via Email Only]
John T. Chakeris, Esquire [Via Email Only]

North Carolina Claims Service Office
Penn National Insurance Claims Central Imaging Location
Post Office Box 1961
Harrisburg, PA 17105-1961
800.877.7368 Phone
866.496.4764 Fax

www.PennNationalInsurance.com

PENN NATIONAL INSURANCE

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

September 30, 2014

Attorney Tyson Nettles
Hood Law Firm
172 Meeting Street
Charleston, SC 29401

RE:	Claimant	:	Persimmon Hill HOA and other individuals
	Date of Loss	:	December 5, 2003
	Insured	:	JJA Construction, Inc./JJA Framing Company d/b/a Jose Castillo
	Claim #	:	08861992
	Policy #	:	GL9 0601617 and GL90649575
	Your Client	:	Portrait Homes- South Carolina, LLC

Dear Mr. Nettles:

This letter is a response to your recent tender request for additional insured status under the above noted policies along with a request for a defense and/or indemnity of the above noted claim. Please be advised that I am the file handler for the aforementioned claim. Please direct all future correspondence regarding this matter to my attention. My contact information can be found on this correspondence.

Penn National understands this loss involves the following facts:

First, an underlying suit has been filed in Court of Common Pleas of Berkeley County, South Carolina on March 18, 2013 styled *Cheryl Walker v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al.* This is a class action amended lawsuit. The lawsuit alleges that Cheryl Walker is an owner of a townhome located at in the Persimmon Hill HOA, Inc. in Berkeley County, South Carolina. Portrait Homes was the General Contractor of the site. JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing (hereinafter, "JJA") installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The Class does not include any prior owner of a townhome at the site. The complaint is brought for various construction defects and resultant loss of

PLAINTIFF'S EXHIBIT 9

RECEIVED OCT 06 2014

use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the lawsuit.

Second, another underlying suit has been filed in Court of Common Pleas of Berkeley County, South Carolina on March 18, 2013 styled *Persimmon Hill HOA, Inc. v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al.* This is a class action amended lawsuit that was filed. The complaint alleges that the Persimmon Hill HOA, Inc. in Berkeley County, South Carolina has exterior and common area defects. Portrait Homes was the general contractor of the site. JJA allegedly installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the complaint.

Co-defendant Portrait Homes has filed cross claims against JJA for indemnity; breach of contract; warranty; and negligence for both complaints. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOA were commenced on 12-18-01.

Your firm has tendered the aforementioned lawsuits for defense and indemnity for Portrait Homes – South Carolina to JJA Construction, Inc./JJA Framing Company d/b/a Jose Castillo.

This is a completed operations type claim. As such, the sole avenue to additional insured status would be through an endorsement providing additional insured status for completed operations. The above noted policies do not contain such an endorsement. Accordingly, the tendering party, Portrait Homes-South Carolina, LLC do not qualify as an additional insured for this occurrence. Therefore, Penn National Insurance is rejecting the aforementioned tenders for defense and/or indemnity from Portrait Homes-South Carolina, LLC at this time.

Penn National Insurance reserves on all other terms, conditions and exclusions within the aforementioned policy which may otherwise preclude coverage in the event that Portrait Homes-South Carolina, LLC was an insured under the policy.

Please do not hesitate to contact the undersigned in the event either of you have any questions or comments regarding this matter.

Sincerely,

Penn National Insurance

Greg Gross/ag

Greg Gross, AIC
Claims Specialist
Phone: 1.800.877.7366 x 4168
FAX: 1.866.496.4764
e-mail: ggross@pnat.com

PLAINTIFF'S EXHIBIT 12

COMMERCIAL INSURANCE APPLICATION
APPLICANT INFORMATION SECTION

CSR JC | DATE: 12/03/02

PRODUCER | PHONE (A/C, No, Ext): 843-762-1805 / 843-795-3193

Taylor Agency
P. O. Box 30609
Charleston SC 29417
Mark Reed - Assigned

CODE: ~~22-6798~~ & 6751 | SUB CODE:

AGENCY CUSTOMER ID: JJAFR-1

CARRIER: Pennsylvania National Ins. Co | NAIC CODE:

UNDERWRITER:

POLICIES OR PROGRAM REQUESTED: CENTEX

INDICATE SECTIONS ATTACHED

	PROPERTY		EQUIPMENT FLOATER
	GLASS AND SIGN		INSTALLATION/BUILDERS RISK
	ACCOUNTS RECEIVABLE/ VALUABLE PAPERS		ELECTRONIC DATA PROC
	CRIME/MISCELLANEOUS CRIME	X	COMMERCIAL GENERAL LIABILITY
	TRANSPORTATION/ MOTOR TRUCK CARGO		BUSINESS AUTO
			TRUCKERS/MOTOR CARRIER
			GARAGE AND DEALERS
			VEHICLE SCHEDULE
			BOILER & MACHINERY
			WORKERS COMPENSATION
			UMBRELLA

STATUS OF SUBMISSION

[ ] QUOTE [X] ISSUE POLICY

[ ] BOUND (Give Date and/or Attach Copy): DATE | TIME [ ] AM [ ] PM

PACKAGE POLICY INFORMATION

ENTER THIS INFORMATION WHEN COMMON DATES AND TERMS APPLY TO SEVERAL LINES, OR FOR MONOLINE POLICIES.

PROPOSED EFF DATE	PROPOSED EXP DATE	BILLING PLAN	PAYMENT PLAN	AUDIT
12/~~12~~/02	12/~~12~~/03	[X] DIRECT BILL [ ] AGENCY BILL	25% & 3	ANN

APPLICANT INFORMATION

NAME (First Named Insured & Other Named Insureds): JJA Framing Company
Jose Castillo DBA

FEIN OR SOC SEC # (of First Named Ins):

PHONE (A/C, No, Ext): 704-503-3548

MAILING ADDRESS INCL ZIP+4 (of First Named Insured): Jose Castillo
3000 Colvard Parkway
Charlotte NC 28269

[X] INDIVIDUAL	[ ] CORPORATION	[ ] SUBCHAPTER "S" CORPORATION	[ ] NOT FOR PROFIT ORG	CR BUREAU NAME	CREDIT BUREAU ID NUMBER (See page 3 for business type other description.)	YEAR BUS STARTED
[ ] PARTNERSHIP	[ ] JOINT VENTURE	[ ] LIMITED CORPORATION				1995

INSPECTION CONTACT: Jose Castillo | PHONE (A/C, No, Ext): 704-503-3548

ACCOUNTING RECORDS CONTACT: Same | PHONE (A/C, No, Ext):

PREMISES INFORMATION

LOC #	BLD #	STREET, CITY, COUNTY, STATE, ZIP+4	CITY LIMITS	INTEREST	YR BUILT	PART OCCUPIED
1	1	3000 Colvard Pkwy. Charlotte NC 28269	[X] INSIDE [ ] OUTSIDE	[ ] OWNER [ ] TENANT		
			[ ] INSIDE [ ] OUTSIDE	[ ] OWNER [ ] TENANT		
			[ ] INSIDE [ ] OUTSIDE	[ ] OWNER [ ] TENANT		

Dr & B #
DUSL ✓
RCNA ✓

NATURE OF BUSINESS/DESCRIPTION OF OPERATIONS BY PREMISE(S)

1	1	Carpentry - Residential framing (Insured is doing work for CENTEX in South Carolina)
1	1	
1	1	

GENERAL INFORMATION

EXPLAIN ALL "YES" RESPONSES	YES	NO	EXPLAIN ALL "YES" RESPONSES	YES	NO
1. IS THE APPLICANT A SUBSIDIARY OF ANOTHER ENTITY OR DOES THE APPLICANT HAVE ANY SUBSIDIARIES?		X	7. ANY PAST LOSSES OR CLAIMS RELATING TO SEXUAL ABUSE OR MOLESTATION ALLEGATIONS, DISCRIMINATION OR NEGLIGENT HIRING?		X
2. IS A FORMAL SAFETY PROGRAM IN OPERATION?		X	8. DURING THE LAST TEN YEARS, HAS ANY APPLICANT BEEN CONVICTED OF ANY DEGREE OF THE CRIME OF ARSON? (In RI, this question must be answered by any applicant for property insurance. Failure to disclose the existence of an arson conviction is a misdemeanor punishable by a sentence of up to one year of imprisonment).		X
3. ANY EXPOSURE TO FLAMMABLES, EXPLOSIVES, CHEMICALS?		X			
4. ANY CATASTROPHE EXPOSURE?		X			
5. ANY OTHER INSURANCE WITH THIS COMPANY OR BEING SUBMITTED?		X	9. ANY UNCORRECTED FIRE CODE VIOLATIONS?		X
6. ANY POLICY OR COVERAGE DECLINED, CANCELLED OR NON-RENEWED DURING THE PRIOR 3 YEARS? NOT APPLICABLE IN MO		X	10. ANY BANKRUPTCIES, TAX OR CREDIT LIENS AGAINST THE APPLICANT IN THE PAST 5 YEARS?		X

REMARKS

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR ANOTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SUBJECTS THE PERSON TO CRIMINAL AND [NY: SUBSTANTIAL] CIVIL PENALTIES. (NOT APPLICABLE IN CO, HI, NE, OH, OK, OR; IN ME AND VA, INSURANCE BENEFITS MAY ALSO BE DENIED)

APPLICANT'S SIGNATURE: Jose A Castillo | PRODUCER'S SIGNATURE: Mark Reed - Assigned

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12/3/02

PRIOR CARRIER INFORMATION

JWAFR-1

LINE	CATEGORY	1998-20	2001-2002			
COMMERCIAL GENERAL LIABILITY	CARRIER	Northfield	Century			
	POLICY NUMBER					
	POLICY TYPE	CLAIMS MADE [ ] OCCURRENCE [X]	CLAIMS MADE [X] OCCURRENCE [ ]	CLAIMS MADE [ ] OCCURRENCE [ ]	CLAIMS MADE [ ] OCCURRENCE [ ]	CLAIMS MADE [ ] OCCURRENCE [ ]
	RETRO DATE					
	EFF-EXP DATE					
	GENERAL AGGREGATE					
	PRODUCTS COMP OP AGGREGATE					
	PERSONAL & ADV INJ					
	EACH OCCURRENCE					
	FIRE DAMAGE					
	MEDICAL EXPENSE					
	BODILY INJURY OCCURRENCE					
	BODILY INJURY AGGREGATE					
	PROPERTY DAMAGE OCCURRENCE					
	PROPERTY DAMAGE AGGREGATE					
	COMBINED SINGLE LIMIT					
	MODIFICATION FACTOR					
	TOTAL PREMIUM					
AUTOMOBILE LIABILITY	CARRIER					
	POLICY NUMBER					
	POLICY TYPE					
	EFF-EXP DATE					
	COMBINED SINGLE LIMIT					
	BODILY INJURY EA PERSON					
	BODILY INJURY EA ACCIDENT					
	PROPERTY DAMAGE					
	MODIFICATION FACTOR					
	TOTAL PREMIUM					
PROPERTY	CARRIER					
	POLICY NUMBER					
	POLICY TYPE					
	EFF-EXP DATE					
	BUILDING AMT					
	PERS PROP AMT					
	MODIFICATION FACTOR					
	TOTAL PREMIUM					
	CARRIER					
	POLICY NUMBER					
	POLICY TYPE					
	EFF-EXP DATE					
	LIMIT					
	MODIFICATION FACTOR					
	TOTAL PREMIUM					

LOSS HISTORY

ENTER ALL CLAIMS OR LOSSES (REGARDLESS OF FAULT AND WHETHER OR NOT INSURED) OR OCCURRENCES THAT MAY GIVE RISE TO CLAIMS FOR THE PRIOR 5 YEARS (3 YEARS IN KS & NY)

[X] CHK HERE IF NONE [ ] SEE ATTACHED LOSS SUMMARY

DATE OF OCCURRENCE	LINE	TYPE/DESCRIPTION OF OCCURRENCE OR CLAIM	DATE OF CLAIM	AMOUNT PAID	AMOUNT RESERVED	CLAIM STATUS
						[ ] OPEN [ ] CLOSED
						[ ] OPEN [ ] CLOSED

REMARKS NOTE: FIDELITY REQUIRES A FIVE YEAR LOSS HISTORY

NOTICE OF INSURANCE INFORMATION PRACTICES

PERSONAL INFORMATION ABOUT YOU, INCLUDING INFORMATION FROM A CREDIT REPORT, MAY BE COLLECTED FROM PERSONS OTHER THAN YOU. SUCH INFORMATION AS WELL AS OTHER PERSONAL AND PRIVILEGED INFORMATION COLLECTED BY US OR OUR AGENTS MAY IN CERTAIN CIRCUMSTANCES BE DISCLOSED TO THIRD PARTIES. YOU HAVE THE RIGHT TO REVIEW YOUR PERSONAL INFORMATION IN OUR FILES AND CAN REQUEST CORRECTION OF ANY INACCURACIES. A MORE DETAILED DESCRIPTION OF YOUR RIGHTS AND OUR PRACTICES REGARDING SUCH INFORMATION IS AVAILABLE UPON REQUEST. CONTACT YOUR AGENT OR BROKER FOR INSTRUCTION ON HOW TO SUBMIT A REQUEST TO US.

ACORD COMMERCIAL GENERAL LIABILITY SECTION

DATE (MM/DD/YY) 12/03/02

CSR JC

PRODUCER | PHONE (A/C, No, Ext): 843-762-1805 | FAX NO. (A/C, No, Ext):

Taylor Agency
P. O. Box 30609
Charleston SC 29417
Mark Reed - Assigned

CODE: 22-6798 & 6751 | SUB CODE:

AGENCY CUSTOMER ID: JJAFR-1

APPLICANT (First Named Insured) JJA Framing Company

EFFECTIVE DATE	EXPIRATION DATE			PAYMENT PLAN	AUDIT
12/~~12~~5/02	12/~~12~~5/03	X	DIRECT BILL	25% & 3	ANN
			AGENCY BILL		

FOR COMPANY USE ONLY

COVERAGES

- X COMMERCIAL GENERAL LIABILITY
  - [ ] CLAIMS MADE [X] OCCURRENCE
- [ ] OWNER'S & CONTRACTOR'S PROTECTIVE

DEDUCTIBLES
- [X] PROPERTY DAMAGE $ 500 [ ] PER CLAIM [X] PER OCCURRENCE
- [ ] BODILY INJURY $
- $

LIMITS

		PREMIUMS
GENERAL AGGREGATE	$ 1,000,000	PREMISES/OPERATIONS
PRODUCTS & COMPLETED OPERATIONS AGGREGATE	$ 1,000,000	
PERSONAL & ADVERTISING INJURY	$ 500,000	
EACH OCCURRENCE	$ 500,000	
FIRE DAMAGE (Any one fire)	$ 100,000	PRODUCTS
MEDICAL EXPENSE (Any one person)	$ 5,000	
EMPLOYEE BENEFITS	$	
		OTHER
		TOTAL

OTHER COVERAGES, RESTRICTIONS AND/OR ENDORSEMENTS (For hired/non-owned auto coverages attach the Business Auto Section, ACORD 127)

Add'l CG0300, 71-0939, CG-2167

SCHEDULE OF HAZARDS

LOCATION #	CLASSIFICATION	CLASS CODE	PREMIUM BASIS	TERR	RATE		PREMIUM	
					PREM/OPS	PRODUCTS	PREM/OPS	PRODUCTS
1	Carpentry - Residential	91340	P 65,000					

RATING AND PREMIUM BASIS

(S) GROSS SALES - PER $1,000/SALES (A) AREA - PER 1,000/SQ FT (M) ADMISSIONS - PER 1,000/ADM (T) OTHER
(P) PAYROLL - PER $1,000/PAY (C) TOTAL COST - PER $1,000/COST (U) UNIT - PER UNIT

CLAIMS MADE (Explain all "Yes" responses)

	YES	NO
1. PROPOSED RETROACTIVE DATE:		
2. ENTRY DATE INTO UNINTERRUPTED CLAIMS MADE COV:		
3. HAS ANY PRODUCT, WORK, ACCIDENT, OR LOCATION BEEN EXCLUDED, UNINSURED OR SELF-INSURED FROM ANY PREVIOUS COVERAGE?		X
4. WAS TAIL COVERAGE PURCHASED UNDER ANY PREVIOUS POLICY?		X

REMARKS

EMPLOYEE BENEFITS

1. DEDUCTIBLE PER CLAIM: $
2. NUMBER OF EMPLOYEES:
3. NUMBER OF EMPLOYEES COVERED BY EMPLOYEE BENEFITS PLANS:
4. RETROACTIVE DATE:

REMARKS

ACORD 126-S (1/97) PLEASE COMPLETE REVERSE SIDE ©ACORD CORPORATION 1997

JJAFR-1

CONTRACTORS

EXPLAIN ALL "YES" RESPONSES (For past or present operations)	YES	NO	EXPLAIN ALL "YES" RESPONSES (For past or present operations)	YES	NO
1. DOES APPLICANT DRAW PLANS, DESIGNS, OR SPECIFICATIONS?		X	4. DO YOUR SUBCONTRACTORS CARRY COVERAGES OR LIMITS LESS THAN YOURS?		X
2. DO ANY OPERATIONS INCLUDE BLASTING OR UTILIZE OR STORE EXPLOSIVE MATERIAL?		X	5. ARE SUBCONTRACTORS ALLOWED TO WORK W/O CERT OF INS?		X
3. DO ANY OPERATIONS INCLUDE EXCAVATION, TUNNELING, UNDERGROUND WORK OR EARTH MOVING?		X	6. DOES APPLICANT LEASE EQUIPMENT TO OTHERS WITH OR WITHOUT OPERATORS?		X

REMARKS/DESCRIBE THE TYPE OF WORK SUBCONTRACTED | $ PAID TO SUB-CONTRACTORS: 0 | % OF WORK SUBCONTRACTED: 0 | # FULL-TIME STAFF: 3 | # PART-TIME STAFF:

PRODUCTS/COMPLETED OPERATIONS

PRODUCTS	ANNUAL GROSS SALES	# OF UNITS	TIME IN MARKET	EXPECTED LIFE	INTENDED USE	PRINCIPAL COMPONENTS
	250000					

EXPLAIN ALL "YES" RESPONSES (For any past or present product or operation)	YES	NO	EXPLAIN ALL "YES" RESPONSES (For any past or present product or operation)	YES	NO
1. DOES APPLICANT INSTALL, SERVICE OR DEMONSTRATE PRODUCTS?	Y		6. PRODUCTS RECALLED, DISCONTINUED, CHANGED?		X
2. FOREIGN PRODUCTS SOLD, DISTRIBUTED, USED AS COMPONENTS?		X	7. PRODUCTS OF OTHERS SOLD OR RE-PACKAGED UNDER APPLICANT LABEL?		X
3. RESEARCH AND DEVELOPMENT CONDUCTED OR NEW PRODUCTS PLANNED?		X	8. PRODUCTS UNDER LABEL OF OTHERS?		X
4. GUARANTEES, WARRANTIES, HOLD HARMLESS AGREEMENTS?		X	9. VENDORS COVERAGE REQUIRED?		X
5. PRODUCTS RELATED TO AIRCRAFT/SPACE INDUSTRY?		X	10. DOES ANY NAMED INSURED SELL TO OTHER NAMED INSUREDS?		X

PLEASE ATTACH LITERATURE, BROCHURES, LABELS, WARNINGS, ETC

ADDITIONAL INTERESTS/CERTIFICATE RECIPIENTS (Attach ACORD 45 for additional names)

INTEREST	RANK:
X	ADDITIONAL INSURED
	LOSS PAYEE
	MORTGAGEE
	LIENHOLDER
	EMPLOYEE AS LESSOR

NAME AND ADDRESS | REFERENCE #: | X | CERTIFICATE REQUIRED

Centex Homes, 2728 Holding Co.
and Centex Real Estate Corp.

2430 Mall Drive, Suite 450
North Charleston SC 29406

CG-2037
$250 flat charge

ITEM DESCRIPTION:

INTEREST IN ITEM NUMBER

LOCATION: POL	BUILDING:
VEHICLE:	BOAT:
SCHEDULED ITEM NUMBER:	
OTHER	

GENERAL INFORMATION

EXPLAIN ALL "YES" RESPONSES (For all past or present operations)	YES	NO	EXPLAIN ALL "YES" RESPONSES (For all past or present operations)	YES	NO
1. ANY MEDICAL FACILITIES PROVIDED OR MEDICAL PROFESSIONALS EMPLOYED OR CONTRACTED?		X	12. ANY STRUCTURAL ALTERATIONS CONTEMPLATED?		X
2. ANY EXPOSURE TO RADIOACTIVE/NUCLEAR MATERIALS?		X	13. ANY DEMOLITION EXPOSURE CONTEMPLATED?		X
3. DO/HAVE PAST, PRESENT OR DISCONTINUED OPERATIONS INVOLVE(D) STORING, TREATING, DISCHARGING, APPLYING, DISPOSING, OR TRANSPORTING OF HAZARDOUS MATERIAL? (e.g. landfills, wastes, fuel tanks, etc)		X	14. HAS APPLICANT BEEN ACTIVE IN OR IS CURRENTLY ACTIVE IN JOINT VENTURES?		X
4. ANY OPERATIONS SOLD, ACQUIRED, OR DISCONTINUED IN LAST 5 YEARS?		X	15. DO YOU LEASE EMPLOYEES TO OR FROM OTHER EMPLOYERS?		X
5. MACHINERY OR EQUIPMENT LOANED OR RENTED TO OTHERS?		X	16. IS THERE A LABOR INTERCHANGE WITH ANY OTHER BUSINESS OR SUBSIDIARIES?		X
6. ANY WATERCRAFT, DOCKS, FLOATS OWNED, HIRED OR LEASED?		X			
7. ANY PARKING FACILITIES OWNED/RENTED?		X	17. ARE DAY CARE FACILITIES OPERATED OR CONTROLLED?		X
8. IS A FEE CHARGED FOR PARKING?		X	18. HAVE ANY CRIMES OCCURRED OR BEEN ATTEMPTED ON YOUR PREMISES WITHIN THE LAST THREE YEARS?		X
9. RECREATION FACILITIES PROVIDED?		X	19. IS THERE A FORMAL WRITTEN SAFETY AND SECURITY POLICY IN EFFECT?		X
10. IS THERE A SWIMMING POOL ON THE PREMISES?		X	20. DOES THE BUSINESSES PROMOTIONAL LITERATURE MAKE ANY REPRESENTATIONS ABOUT THE SAFETY OR SECURITY OF THE PREMISES?		X
11. SPORTING OR SOCIAL EVENTS SPONSORED?		X			

REMARKS

ACORD 125-S (1/97) ATTACH TO APPLICANT INFORMATION SECTION

000721

PLAINTIFF'S EXHIBIT 13

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

COMMERCIAL GENERAL LIABIL POLICY DECLARATIONS
OCCURRENCE POLICY
NEW DECLARATIONS

NON-ASSESSABLE **THIS POLICY IS SUBJECT TO A GENERAL AGGREGATE LIMIT**

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/02	12/05/03	PA NATIONAL MUTUAL CAS INS CO	0006751	25

NAMED INSURED AND ADDRESS	AGENCY
JJA FRAMING COMPANY CASTILLO JOSE DBA 3000 COLVARD PARKWAY CHARLOTTE NC 28269	W LEE TAYLOR AGY-C PO BOX 30609 CHARLESTON SC 29417

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.
FORM OF BUSINESS: INDIVIDUAL BUSINESS DESCRIPTION: CARPENTRY

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

LIMITS OF INSURANCE

General Aggregate Limit (Other than products – completed operations)	$	1,000,000
Products – Completed Operations Aggregate Limit	$	1,000,000
Personal and Advertising Injury Limit – Any one person or organization	$	500,000
Each Occurrence Limit	$	500,000
Damage to Premises Rented to you Limit – Any one premises	$	100,000
Medical Expense Limit – Any one person	$	5,000

PREMIUM INFORMATION

CODE	PREMIUM BASIS	PER	RATES PREMS/OPS	RATES PRODUCTS	ADVANCE PREMIUM PREMS/OPS	ADVANCE PREMIUM PRODUCTS

SEE SUPPLEMENTAL DECLARATIONS, FORM 71-0029S

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART $1,976.00

FORMS APPLICABLE TO THIS COVERAGE PART: SEE FORMS INVENTORY

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UND. TEAM
3	2	99		N	022

COUNTERSIGNED BY: _____
Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

71 0029 0500 BRANCH ISSUED 12/13/02

COMMERCIAL GENERAL LIABILITY SUPPLEMENTAL DECLARATIONS

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/02	12/05/03	PA NATIONAL MUTUAL CAS INS CO	0006751	25

PREMISES NO. 1 : 3000 COLVARD PKWY
CHARLOTTE MECKLENBURG 28269

CODE	PREMIUM BASIS	PER	RATES PREMS/OPS	RATES PRODUCTS	ADVANCE PREMIUM PREMS/OPS	ADVANCE PREMIUM PRODUCTS
91340	65,000 PAYROLL	1000	VARIOUS	VARIOUS	INCLUDED	INCLUDED

CARPENTRY - CONSTRUCTION OF RESIDENTIAL PROPERTY NOT EXCEEDING THREE STORIES IN HEIGHT

ADDITIONAL INTERESTS - OWNERS OR LESSEES OR CONTRACTORS, BUT ONLY AS RESPECTS LIABILITY FOR OPERATIONS PERFORMED BY OR ON BEHALF OF THE INSURED CONTRACTOR OR SUBCONTRACTOR

POLICY SCHEDULE OF NAMES AND ADDRESSES

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/02	12/05/03	PA NATIONAL MUTUAL CAS INS CO	0006751	25

THE FOLLOWING ARE INSUREDS ON THIS POLICY

COMMERCIAL GENERAL LIABILITY NAMES AND ADDRESSES

PREMISES NO.: 1

CENTEX HOMES 2728 HOLDING CO
AND CENTEX REAL ESTATE CORP
2430 MALL DRIVE SUITE 450
NORTH CHARLESTON SC 29406

OWNERS, LESSEES OR CONTRACTORS

SEE CG2037

FORM 71-0026 (ED. 03/91) BRANCH ISSUED 12/13/02

Exhibit 13 Pg3

COMMERCIAL GENERAL LIABILITY
CG 20 37 1001

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization:
CENTEX HOMES 2728 HOLDING CO AND CENTEX REAL ESTATE CORP 2430 MALL DRIVE SUITE 450 NORTH CHARLESTON SC 29406
Location And Description of Completed Operations:
3000 COLVARD PKWY CHARLOTTE MECKLENBURG NC 28269
Additional Premium:
$250

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Section II - Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products - completed operations hazard".

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PLAINTIFF'S EXHIBIT 13 A

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
P.O. Box 2361 Harrisburg, PA 17105-2361

A certified true and exact copy of policy number 6L9066017

(name)

(official title)

THIS POLICY JACKET WITH THE INFORMATION PAGE, POLICY, FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THIS POLICY.

71 0477 05 93

MUTUAL POLICY CONDITIONS

THIS POLICY IS NON-ASSESSABLE. THE POLICYHOLDER IS A MEMBER OF THE COMPANY AND SHALL PARTICIPATE TO THE EXTENT AND UPON THE CONDITIONS FIXED AND DETERMINED BY THE BOARD OF DIRECTORS IN ACCORDANCE WITH THE PROVISIONS OF LAW, IN THE DISTRIBUTION OF DIVIDENDS SO FIXED AND DETERMINED.

ANNUAL MEETING

THE INSURED IS HEREBY NOTIFIED THAT BY VIRTUE OF THIS POLICY, HE IS A MEMBER OF THE PENNSYLVANIA NATIONAL MUTUAL CASUALTY INSURANCE COMPANY AND IS ENTITLED TO VOTE EITHER IN PERSON OR BY PROXY AT ANY AND ALL MEETINGS OF SAID COMPANY. THE ANNUAL MEETINGS OF THE COMPANY ARE HELD AT ITS HOME OFFICE IN THE CITY OF HARRISBURG, PA. ON THE SECOND MONDAY OF APRIL IN EACH YEAR, AT 10:00 O'CLOCK A.M.,AND THE INCLUSION OF THIS NOTICE IN THIS POLICY SHALL CONSTITUTE NOTICE TO THE MEMBER OF THE ANNUAL MEETING.

IN WITNESS WHEREOF, The company has caused this policy to be signed by its president and secretary but this policy shall not be valid unless completed by the attachment hereto of a Declaration Page, Policy or Coverage Part(s) and Endorsements, if any, and countersigned on the aforesaid declarations page by a duly authorized representative of the company.

VIRGINIA EXCEPTION

Lack of countersignature does not invalidate the policy.

Kenneth R Shutts
president and chief operating officer

Karen C. Yarrish
secretary

71 0477 05 93

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS
OCCURRENCE POLICY
NEW DECLARATIONS

NON-ASSESSABLE **THIS POLICY IS SUBJECT TO A GENERAL AGGREGATE LIMIT**

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/02	12/05/03	PA NATIONAL MUTUAL CAS INS CO	0006751	25

NAMED INSURED AND ADDRESS	AGENCY
JJA FRAMING COMPANY CASTILLO JOSE DBA 3000 COLVARD PARKWAY CHARLOTTE NC 28269	W LEE TAYLOR AGY-C PO BOX 30609 CHARLESTON SC 29417

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.
FORM OF BUSINESS: INDIVIDUAL BUSINESS DESCRIPTION: CARPENTRY

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

LIMITS OF INSURANCE

General Aggregate Limit (Other than products – completed operations)	$	1,000,000
Products – Completed Operations Aggregate Limit	$	1,000,000
Personal and Advertising Injury Limit – Any one person or organization	$	500,000
Each Occurrence Limit	$	500,000
Damage to Premises Rented to you Limit – Any one premises	$	100,000
Medical Expense Limit – Any one person	$	5,000

PREMIUM INFORMATION

CODE	PREMIUM BASIS	PER	RATES PREMS/OPS	RATES PRODUCTS	ADVANCE PREMIUM PREMS/OPS	ADVANCE PREMIUM PRODUCTS

SEE SUPPLEMENTAL DECLARATIONS, FORM 71-0029S

CLAD

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART $1,976.00

FORMS APPLICABLE TO THIS COVERAGE PART: SEE FORMS INVENTORY

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UND. YEAM
3	2	99		N	022

COUNTERSIGNED BY: _____
Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

71 0029 0500 BRANCH ISSUED 12/13/02

Exhibit 13 A Pg3

COMMERCIAL GENERAL LIABILITY SUPPLEMENTAL DECLARATIONS

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/02	12/05/03	PA NATIONAL MUTUAL CAS INS CO	0006751	25

PREMISES NO. 1 : 3000 COLVARD PKWY
CHARLOTTE MECKLENBURG 28269

CODE	PREMIUM BASIS	PER	RATES PREMS/OPS	RATES PRODUCTS	ADVANCE PREMIUM PREMS/OPS	ADVANCE PREMIUM PRODUCTS
91340	65,000 PAYROLL	1000	VARIOUS	VARIOUS	INCLUDED	INCLUDED

CARPENTRY - CONSTRUCTION OF RESIDENTIAL PROPERTY NOT EXCEEDING THREE STORIES IN HEIGHT

ADDITIONAL INTERESTS - OWNERS OR LESSEES OR CONTRACTORS, BUT ONLY AS RESPECTS LIABILITY FOR OPERATIONS PERFORMED BY OR ON BEHALF OF THE INSURED CONTRACTOR OR SUBCONTRACTOR

POLICY SCHEDULE OF NAMES AND ADDRESSES

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/02	12/05/03	PA NATIONAL MUTUAL CAS INS CO	0006751	25

THE FOLLOWING ARE INSUREDS ON THIS POLICY

COMMERCIAL GENERAL LIABILITY NAMES AND ADDRESSES

PREMISES NO.: 1

CENTEX HOMES 2728 HOLDING CO
AND CENTEX REAL ESTATE CORP
2430 MALL DRIVE SUITE 450
NORTH CHARLESTON SC 29406

OWNERS, LESSEES OR CONTRACTORS

SEE CG2037

FORM 71-0026 (ED. 03/91) BRANCH ISSUED 12/13/02

Exhibit 13 A Pg5

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage	Amount and Basis of Deductible PER CLAIM	or	PER OCCURRENCE
Bodily Injury Liability	$		$
OR			
Property Damage Liability	$		$ 500
OR			
Bodily Injury Liability and/or Property Damage Liability Combined	$		$

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

A. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.

B. You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:

1. **PER CLAIM BASIS.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:
   a. Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";
   b. Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or
   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:
      (1) "Bodily injury";
      (2) "Property damage"; or
      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence".

   If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.

   With respect to "property damage", person includes an organization.

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Exhibit 13 A Pg6

2. **PER OCCURRENCE BASIS.** If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:

   a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";

   b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or

   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:

      (1) "Bodily injury";

      (2) "Property damage"; or

      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

C. The terms of this insurance, including those with respect to:

   1. Our right and duty to defend the insured against any "suits" seeking those damages; and

   2. Your duties in the event of an "occurrence", claim, or "suit"

   apply irrespective of the application of the deductible amount.

D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

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Exhibit 13 A Pg7

COMMERCIAL GENERAL LIABILITY
CG 20 37 1001

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization:
CENTEX HOMES 2728 HOLDING CO AND CENTEX REAL ESTATE CORP 2430 MALL DRIVE SUITE 450 NORTH CHARLESTON SC 29406
Location And Description of Completed Operations:
3000 COLVARD PKWY CHARLOTTE MECKLENBURG NC 28269
Additional Premium:
$250

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Section II - Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products - completed operations hazard".

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PAGE: 1 DATE: 12/13/02

POLICY PREMIUM RECAP SHEET

POLICY NUMBER : GL9 0601617 00 01
EFFECTIVE DATE : 12/05/02
EXPIRATION DATE: 12/05/03

INSURED : JJA FRAMING COMPANY
CASTILLO JOSE DBA
3000 COLVARD PARKWAY
CHARLOTTE NC

COMP : PA NATIONAL MUTUAL CAS INS CO AGENT : W LEE TAYLOR AGY-C

COMPANY LINE : CASUALTY/COMMERCIAL GENERAL LIABILITY - MONOLINE

POLICY PREMIUM TOTALS

TOTAL GENERAL LIABILITY PREMIUM.....$1,976.00

TOTAL POLICY PREMIUM.....$1,976.00

DATE: 12/13/02 PAGE: 1

GENERAL LIABILITY NEW BUSINESS WORKSHEET

POLICY NUMBER : GL9 0601617 00 INSURED : JJA FRAMING COMPANY
EFFECTIVE DATE : 12/05/02 AGENT : W LEE TAYLOR AGY-C
EXPIRATION DATE: 12/05/03 COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 GEN AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL
DEDUCTIBLES : PD : 500

	(EXPER	+ SCHED	- 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000	1.000		1.000	1.000	1.000	1.000	1.000

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF	- DED) =
PREMOP	7.050	1.000		1.00000	1.310	0.011

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE =
PREMOP	15.111	1.000	1.000		1.00000	15.111*	65000

	DEP PREM	PREMIUM
	$982	$982

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

* INDICATES MANUAL OVERRIDE

DATE: 12/13/02 PAGE: 2

GENERAL LIABILITY NEW BUSINESS WORKSHEET

POLICY NUMBER : GL9 0601617 00 INSURED : JJA FRAMING COMPANY
COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 GEN AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
AI : ADDITIONAL INTERESTS - OWNERS OR LESSEES OR CONTRACTORS, BUT AI SEQ: 1
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL

	(EXPER + SCHED - 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000 1.000	1.000	1.000	1.000	1.000*	1.000

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF - DED) =
PREMOP	250.000*	1.000		1.00000	1.000*

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE =
PREMOP	412.500	1.000	1.000	1.000*	1.00000	250.000*	1

	DEP PREM	PREMIUM
	$250*	$250*

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

* INDICATES MANUAL OVERRIDE

DATE: 12/13/02 PAGE: 3

GENERAL LIABILITY NEW BUSINESS WORKSHEET

POLICY NUMBER : GL9 0601617 00 INSURED : JJA FRAMING COMPANY
COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 PROD AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL
DEDUCTIBLES : PD : 500

	(EXPER + SCHED - 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000 1.000	1.000	1.000	1.000	1.000	1.000

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF - DED) =
PRODCO	4.810	1.000			1.450 0.008

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE =
PRODCO	11.444	1.000	1.000		1.00000	11.444*	65000

	DEP PREM	PREMIUM
	$744	$744

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

ADDL FOR MIN PREM : $0 PREMOP TOTAL SUBLINE PREM: $1,232
ADDL FOR MIN PREM : $0 PRODCO TOTAL SUBLINE PREM: $744

* INDICATES MANUAL OVERRIDE

PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

IMPORTANT NOTICE
BILLING INFORMATION

This policy is written on a direct bill basis. You will receive all invoices from us under separate cover.

If you have more than one commercial policy written by Penn National Insurance, they can be combined into one billing plan. If this has not been done for you, please contact your agent for details.

There will be times when changes are made to your policy. When this happens we will calculate the additional or return premium and spread the change in premium equally over the remaining installments.

You will receive a premium invoice approximately (20) twenty days prior to the due date. If your premium payment is not received by the due date shown on the invoice, we will send a Notice of Cancellation. If premium is not paid by the cancellation date all coverages will terminate. Repetitive notices of cancellation for non-payment of premium may result in your pay plan being converted to a prepaid (no installment) basis.

While it is our desire to keep our invoices simple and easy to read, questions may arise on your billings. When you have billing questions, please call us at 1-800-388-4764 extension 2441 for our Commercial Lines Automated Response Attendant (CLARA). CLARA will be able to answer all 'basic billing' questions. If more detailed information is needed, you may press the (*) star key at any time during your call which will connect you with one of our customer service representatives.

Thank you for choosing Penn National Insurance, we appreciate your business. Please let us know how we are doing.

INTERLINE
IL 02 69 09 00

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. **Cancellation Requirements**

a. **Policies In Effect Less Than 60 Days**

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

(1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. **Policies In Effect More Than 60 Days**

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

(1) Expiration of the policy term; or

(2) Anniversary date,

stated in the policy only for one or more of the following reasons:

(a) Nonpayment of premium;

(b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;

(c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;

(d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;

(e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;

(f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;

(g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;

(h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;

(i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or

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Exhibit 13 A Pg14

(j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

(i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(ii) 30 days before the effective date of cancellation if we cancel for any other reason.

c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.

d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

B. The following provisions are added and supersede any other provisions to the contrary:

1. Nonrenewal

a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:

(1) Expiration of the policy if this policy has been written for one year or less; or

(2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.

b. We need not mail or deliver the notice of nonrenewal if you have:

(1) Insured property covered under this policy, under any other insurance policy;

(2) Accepted replacement coverage; or

(3) Requested or agreed to nonrenewal of this policy.

c. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. The written notice of cancellation or nonrenewal will:

a. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and

b. State the reason or reasons for cancellation or nonrenewal.

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COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

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

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
   a. Make inspections and surveys at any time;
   b. Give you reports on the conditions we find; and
   c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
   a. Are safe or healthful; or
   b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statues, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

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INTERLINE
IL 00 21 04 98

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF TRANSPORTATION
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

   A. Under any Liability Coverage, to "bodily injury" or "property damage":

      (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

      (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

   B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

   C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

      (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;

      (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or

      (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

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2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage	Amount and Basis of Deductible PER CLAIM	or	PER OCCURRENCE
Bodily Injury Liability	$		$
OR			
Property Damage Liability	$		$ 500
OR			
Bodily Injury Liability and/or Property Damage Liability Combined	$		$

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

A. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.

B. You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:

   1. **PER CLAIM BASIS.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:

      a. Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";

      b. Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or

      c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:

         (1) "Bodily injury";

         (2) "Property damage"; or

         (3) "Bodily injury" and "property damage" combined

      as the result of any one "occurrence".

      If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.

      With respect to "property damage", person includes an organization.

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2. **PER OCCURRENCE BASIS.** If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:

   a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";

   b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or

   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:

      (1) "Bodily injury";

      (2) "Property damage"; or

      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

C. The terms of this insurance, including those with respect to:

   1. Our right and duty to defend the insured against any "suits" seeking those damages; and

   2. Your duties in the event of an "occurrence", claim, or "suit"

   apply irrespective of the application of the deductible amount.

D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

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Exhibit 13 A Pg20

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of **Section I - Coverage A - Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

B. The following exclusion is added to Paragraph 2., Exclusions of **Section I - Coverage B - Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.

b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

C. The following definition is added to the **Definitions** Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

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Exhibit 13 A Pg21

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EXTERIOR INSULATION AND FINISH SYSTEMS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

This insurance does not apply to:

I. "Bodily injury" or "property damage" included in the "products-completed operations hazard" and arising out of "your work" caused by the actual or alleged:

A. Design, construction, fabrication, preparation, installation, application, maintenance or repair, including remodeling, service, correction, or replacement, of an exterior insulation and finish system (commonly referred to as synthetic stucco) or any part or portion thereof, or any substantially similar system which resists water penetration at its outer surface.

B. Any work or operations with respect to any exterior component, fixture or feature of any structure if an exterior insulation and finish system, or substantially similar systems are used on any part or portion of that structure.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization: CENTEX HOMES 2728 HOLDING CO AND CENTEX REAL ESTATE CORP 2430 MALL DRIVE SUITE 450 NORTH CHARLESTON SC 29406
Location And Description of Completed Operations: 3000 COLVARD PKWY CHARLOTTE MECKLENBURG NC 28269
Additional Premium: $250

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Section II - Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products - completed operations hazard".

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PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following provision is added to WHO IS AN INSURED (Section II):

5. Any person(s) or organizations(s) (referred to below as "additional insured") with whom you are required in a written contract or agreement to name as an additional insured but only for "your" acts or omissions arising from "your" ongoing operations at the location or project described in the contract or agreement.

   The insurance provided to the additional insured does not apply to "bodily injury", "property damage", "personal and advertising injury":

   a. Arising out of any act or omission of the additional insured(s) or any of their "employees", including supervision of "your work" or the work of any other person or organization.

   b. Occurring after that portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

   c. Arising out of an architect's, engineer's, or surveyor's rendering of or failure to render any professional services including:

      (1) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

      (2) Supervisory, inspection or engineering services.

   These exclusions apply in addition to those contained in the Coverage Part.

   The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

   This coverage does not apply to any person(s) or organization(s) specifically named as additional insured in any policy issued by "us".

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II - Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V - Definitions.

SECTION I - COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

   a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

      (1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and

      (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

      No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

   b. This insurance applies to "bodily injury" and "property damage" only if:

      (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

      (2) The "bodily injury" or "property damage" occurs during the policy period; and

      (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II - Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

   c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

   d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

      (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

      (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

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(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. **Exclusions**

This insurance does not apply to:

a. **Expected Or Intended Injury**

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. **Contractual Liability**

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. **Liquor Liability**

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. **Workers' Compensation And Similar Laws**

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. **Employer's Liability**

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

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f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

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(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

(1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

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(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A seperate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. **Damage To Your Product**

"Property damage" to "your product" arising out of it or any part of it.

l. **Damage To Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. **Damage To Impaired Property Or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. **Recall Of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) "Your product";

(2) "Your work"; or

(3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. **Personal And Advertising Injury**

"Bodily injury" arising out of "personal and advertising injury".

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III - Limits Of Insurance.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. **Insuring Agreement**

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

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No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages **A** and **B**.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. **Knowing Violation Of Rights Of Another**

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. **Material Published With Knowledge Of Falsity**

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. **Material Published Prior To Policy Period**

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. **Criminal Acts**

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. **Contractual Liability**

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. **Breach Of Contract**

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. **Quality Or Performance Of Goods - Failure To Conform To Statements**

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. **Wrong Description Of Prices**

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. **Infringement Of Copyright, Patent, Trademark Or Trade Secret**

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. **Insureds In Media And Internet Type Businesses**

"Personal and advertising injury" committed by an insured whose business is:

(1) Advertising, broadcasting, publishing or telecasting;

(2) Designing or determining content of websites for others; or

(3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a., b.** and **c.** of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. **Electronic Chatrooms Or Bulletin Boards**

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. **Unauthorized Use Of Another's Name Or Product**

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. **Pollution**

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. **Pollution-Related**

Any loss, cost or expense arising out of any:

(1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of , "pollutants"; or

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(2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

COVERAGE C MEDICAL PAYMENTS

1. **Insuring Agreement**

   a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

      (1) On premises you own or rent;

      (2) On ways next to premises you own or rent; or

      (3) Because of your operations;

      provided that:

      (1) The accident takes place in the "coverage territory" and during the policy period;

      (2) The expenses are incurred and reported to us within one year of the date of the accident; and

      (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

   b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

      (1) First aid administered at the time of an accident;

      (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and

      (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. **Exclusions**

   We will not pay expenses for "bodily injury":

   a. **Any Insured**

      To any insured, except "volunteer workers".

   b. **Hired Person**

      To a person hired to do work for or on behalf of any insured or a tenant of any insured.

   c. **Injury On Normally Occupied Premises**

      To a person injured on that part of premises you own or rent that the person normally occupies.

   d. **Workers Compensation And Similar Laws**

      To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

   e. **Athletics Activities**

      To a person injured while taking part in athletics.

   f. **Products-Completed Operations Hazard**

      Included within the "products-completed operations hazard".

   g. **Coverage A Exclusions**

      Excluded under Coverage A.

   h. **War**

      Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

   a. All expenses we incur.

   b. Up to $250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

   c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

   d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $250 a day because of time off from work.

   e. All costs taxed against the insured in the "suit".

   f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

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g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

b. This insurance applies to such liability assumed by the insured;

c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

(a) Cooperate with us in the investigation, settlement or defense of the "suit";

(b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

(c) Notify any other insurer whose coverage is available to the indemnitee; and

(d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

(a) Obtain records and other information related to the "suit"; and

(b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I** - Coverage **A** - Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or

b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II - WHO IS AN INSURED

1. If you are designated in the Declarations as:

a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.

b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.

c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.

d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

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2. Each of the following is also an insured:
   a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
      (1) "Bodily injury" or "personal and advertising injury":
         (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
         (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
         (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
         (d) Arising out of his or her providing or failing to provide professional health care services.
      (2) "Property damage" to property:
         (a) Owned, occupied or used by,
         (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

      you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
   b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
   c. Any person or organization having proper temporary custody of your property if you die, but only:
      (1) With respect to liability arising out of the maintenance or use of that property; and
      (2) Until your legal representative has been appointed.
   d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
   a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
   b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
   a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
   b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
   c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

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SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
   a. Insureds;
   b. Claims made or "suits" brought; or
   c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
   a. Medical expenses under Coverage **C**;
   b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
   c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
   a. Damages under Coverage **A**; and
   b. Medical expenses under Coverage **C**

   because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

1. **Bankruptcy**

   Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. **Duties In The Event Of Occurrence, Offense, Claim Or Suit**
   a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
      (1) How, when and where the "occurrence" or offense took place;
      (2) The names and addresses of any injured persons and witnesses; and
      (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
   b. If a claim is made or "suit" is brought against any insured, you must:
      (1) Immediately record the specifics of the claim or "suit" and the date received; and
      (2) Notify us as soon as practicable.

      You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
   c. You and any other involved insured must:
      (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
      (2) Authorize us to obtain records and other information;
      (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

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(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. **Legal Action Against Us**

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. **Other Insurance**

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

a. **Primary Insurance**

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. **Excess Insurance**

This insurance is excess over:

(1) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** - Coverage **A** - Bodily Injury And Property Damage Liability.

(2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. **Method of Sharing**

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

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If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. **Premium Audit**

   a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

   b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

   c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. **Representations**

   By accepting this policy, you agree:

   a. The statements in the Declarations are accurate and complete;

   b. Those statements are based upon representations you made to us; and

   c. We have issued this policy in reliance upon your representations.

7. **Separation Of Insureds**

   Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

   a. As if each Named Insured were the only Named Insured; and

   b. Separately to each insured against whom claim is made or "suit" is brought.

8. **Transfer Of Rights Of Recovery Against Others To Us**

   If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. **When We Do Not Renew**

   If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

   If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

   a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

   b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "Coverage territory" means:

   a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

   b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above; or

   c. All other parts of the world if the injury or damage arises out of:

      (1) Goods or products made or sold by you in the territory described in a. above;

      (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or

      (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication

   provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.

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5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

   a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

   b. You have failed to fulfill the terms of a contract or agreement;

   if such property can be restored to use by:

   a. The repair, replacement, adjustment or removal of "your product" or "your work"; or

   b. Your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

   a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

   b. A sidetrack agreement;

   c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

   d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

   e. An elevator maintenance agreement;

   f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

   Paragraph f. does not include that part of any contract or agreement:

   (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;

   (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

      (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

      (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

   (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

    a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

    b. While it is in or on an aircraft, watercraft or "auto"; or

    c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

    but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

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Exhibit 13 A Pg37

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

f. The use of another's advertising idea in your "advertisement"; or

g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

(a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

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Exhibit 13 A Pg38

b. Does not include "bodily injury" or "property damage" arising out of:

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;

(2) The existence of tools, uninstalled equipment or abandoned or unused materials; or

(3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and

(2) The providing of or failure to provide warnings or instructions.

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Exhibit 13 A Pg39

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF LIQUOR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion c. of COVERAGE A (Section I) is replaced by the following:

c. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you:

(1) Manufacture, sell or distribute alcoholic beverages;

(2) Serve or furnish alcoholic beverages for a charge whether or not such activity:

(a) Requires a license;

(b) Is for the purpose of financial gain or livelihood; or

(3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

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Exhibit 13 A Pg40

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM.
COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY
COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY
COVERAGE C. MEDICAL PAYMENTS

EXCLUSION - LEAD CONTAMINATION

This insurance does not apply to:

1. "Bodily Injury", "medical payments", "property damage", or "personal and advertising injury" which would not have ocurred in whole or part but for the actual, alleged, or threatened ingestion, inhalation, absorption, dispersal, disposal, seepage, migration, release, or escape of lead in any form at any time.

2. Any loss, cost, or expense arising out of any:
   a. request, demand, or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to or assess the effects of lead; or
   b. claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to, or assessing the effects of lead.

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Penn National Security Insurance Company
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NOTICE TO INSURED - PLEASE READ YOUR POLICY CAREFULLY

Your policy contains an exclusion for lead contamination in any form at any time. Refer to endorsement 71-0543, Exclusion - Lead Contamination.

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Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTENDED COVERAGE ENDORSEMENT GENERAL LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

I. **Amendment - Aggregate Limits of Insurance**

The General Aggregate Limit under the LIMITS OF INSURANCE (Section III) applies separately to each of your:

a. Projects away from premises owned by or rented to you;

b. "Locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

II. **Bodily Injury Redefined**

The definition of "bodily injury" in DEFINITIONS (Section V) is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by a person including mental anguish or death resulting from any of these.

III. **Mobile Equipment Redefined**

Paragraph 12.f. subparagraph (1) of DEFINITIONS (Section V) does not apply to self-propelled vehicles of less than 1000 pounds gross vehicle weight.

IV. **Broad Form Named Insured**

a. WHO IS AN INSURED (Section II) is amended to include as an insured any organization or subsidiary thereof, other than a partnership, joint venture, or limited liability corporation, which is a legally incorporated entity of which you own a financial interest of more than 50 percent of the voting stock on the effective date of this endorsement.

b. Paragraph IV.a. does not apply to injury or damage with respect to which an insured under this policy is also an insured under another policy or would be an insured under such policy but for its termination or upon the exhaustion of its limits of insurance.

c. Paragraph IV.b. does not apply to a policy written to apply specifically in excess of this policy.

V. **Newly Formed or Acquired Organizations**

In paragraph 4.a. of WHO IS AN INSURED (Section II), 90th day is changed to 180th day.

VI. **Incidental Malpractice Liability - Nurse, EMT, or Paramedic**

Paragraph 2.a.(1)(d) of WHO IS AN INSURED (Section II) is deleted and replaced by: Arising out of his or her providing or failing to provide professional health care services. However, if you have "employees" who are a nurse, emergency medical technician or paramedic, they are an insured with respect to their providing or failing to provide professional health care services to your "employees".

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VII. **Duties in the Event of Occurrence, Claim or Suit Redefined**

a. The requirement in Condition 2.a. of CONDITIONS (Section IV) that you must see to it that we are notified of an "occurrence" only applies when the "occurrence" or offense is known to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

b. The requirement in Condition 2.b. of CONDITIONS (Section IV) that you must see to it that we receive notice of a claim or "suit" will not be considered breached unless the breach occurs after such claim or "suit" is know to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

VIII. **Unintentional Errors or Omissions**

We will not deny coverage under this Coverage Part because of the unintentional omission of, or unintentional error in, any information provided by you. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

IX. **Non-Owned Watercraft**

a. Exclusion g. Paragraph (2) of COVERAGE A (Section I) is deleted and replaced by the following:

(2) A watercraft you do not own that is:

(a) Less than 51 feet long; and

(b) Not being used to carry persons or property for a charge;

b. Paragraph IX.a. above applies to any person who, with your expressed or implied consent, either uses or is responsible for the use of a watercraft.

c. Paragraphs IX.a. and IX.b. above do not apply if the insured has any other insurance for "bodily injury" or "property damage" liability that would also apply to loss covered under this provision, whether the other insurance is primary, excess, contingent or on any other basis. In that case, this Provision IX does not provide any insurance.

d. Paragraph IX.c. above does not apply to a policy written to apply specifically in excess of this policy.

X. **Supplementary Payments Increased Limits**

In the SUPPLEMENTARY PAYMENTS - COVERAGE A and B (Section I) provision:

a. The limit for the cost of bail bonds is changed from $250 to $2000.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF INSURING AGREEMENT - KNOWN INJURY OR DAMAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART (OCCURRENCE VERSION)

Paragraph 1. **Insuring Agreement** of **Section I - Coverage A - Bodily Injury And Property Damage Liability** is replaced by the following:

1. Insuring Agreement

   a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

      (1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and

      (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

      No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

   b. This insurance applies to " bodily injury" and "property damage" only if:

      (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

      (2) The "bodily injury" or "property damage" occurs during the policy period; and

      (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II - Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

   c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

   d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

      (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

      (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

      (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

   e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

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Exhibit 13 A Pg45

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT - RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

B. The following exclusion is added to Paragraph **2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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Exhibit 13 A Pg46

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS - PRODUCTS/COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following exclusion is added to Paragraph **2.**, **Exclusions** of **Section I - Bodily Injury And Property Damage Liability:**

2. **Exclusions**

This insurance does not apply to "bodily injury" or "property damage" included in the "products-completed operations hazard" definition and arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

(a) Computer hardware, including microprocessors;

(b) Computer application software;

(c) Computer operating systems and related software;

(d) Computer networks;

(e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.

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Exhibit 13 A Pg47

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

NOTICE TO POLICYHOLDERS

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

This notice has been prepared in conjunction with the implementation of changes to your policy. This notice provides information concerning your insurance coverage under Commercial General Liability. This notice does not reference every editorial change made to endorsements included in your policy.

Please read your policy, and the endorsements attached to your policy, carefully.

NEW MANDATORY GENERAL LIABILITY ENDORSEMENT - KNOWN INJURY OR DAMAGE

CG 00 57 09 99 - Amendment Of Insuring Agreement-Known Injury Or Damage for use with the Commercial General Liability Coverage Part-Occurrence Version

This new, mandatory endorsement, revises the Insuring Agreement of the Commercial General Liability Coverage Part-Occurrence Version to address the issue of known injury or damage. The endorsement points out that the insurance does not respond to "bodily injury" or "property damage" that is known by the insured prior to the policy period. The endorsement designates which insureds are those whose prior knowledge of the injury or damage will result in the policy not responding. The endorsement further addresses the applicability of the policy in situations involving continuation, change or resumption of the same "bodily injury" or "property damage" during or after the policy period.

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

NOTICE TO INSURED - PLEASE READ YOUR POLICY CAREFULLY

This notice applies to insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Your policy has been changed. The definition of "property damage" in your policy has been revised. Electronic data is not considered tangible property, therefore, there is no coverage for its loss nor any loss of use relating to the loss of data. Please refer to the definition of "property damage" contained in your policy (Form – CG 0001 10/01, Page 15 of 16) for further clarification.

Your policy has been changed to exclude coverage for "personal and advertising injury" for web site designers, internet search, access and service providers (with an exception for the mere placing of links, frames or borders), electronic chat rooms or bulletin boards, and unauthorized use of another's name or product in your e-mail address, domain name or metatag or any other similar tactics to mislead another's potential customers. Please refer to Coverage B-Personal and Advertising Injury Liability (Form CG0001 10/01, page 5 of 16 to 7 of 16).

Your policy has been changed to clarify that expenses incurred for repairs made on the insured's own property for any reason, including to avoid injury to a third party, will not be covered. Refer to your policy (Form CG 0001 10/01, page 4 of 16, paragraph J(1) – Damage to Property) for further clarification.

PA NATIONAL MUTUAL CAS INS CO

COMMERCIAL GENERAL LIABILITY POLICY FORMS INVENTORY

POLICY NUMBER GL9 0601617 00

NAMED INSURED: JJA FRAMING COMPANY

POLICY PERIOD: 12/05/02 TO 12/05/03

GENERAL LIABILITY FORMS:

710477	05/93	*	710442	07/96	*	IL0269	09/00	*
IL0017	11/98	*	IL0021	04/98	*	CG0300	01/98	*
CG2167	04/02	*	710939	06/01		CG2037	10/01	*
710741	01/02	*	CG0001	10/01	*	CG2150	09/89	*
710543	05/00	*	710546	01/94	*	710680	07/02	*
CG0057	09/99	*	CG2147	07/98	*	CG2161	04/98	*
710905	05/00	*	710988	07/02	*			

STAMPING REQUIREMENT

CLAD

FORM NO. FORMSINV 1/86 ISSUED 12/13/02

Exhibit 13 A Pg50

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
P.O. Box 2361 Harrisburg, PA 17105-2361

A Certified true and exact copy of policy number GL9060167

Glenn E. Stowe
(name)

Asst. Mgr.
(official title)

THIS POLICY JACKET WITH THE INFORMATION PAGE, POLICY, FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THIS POLICY.

71 0477 05 93

000001

PLAINTIFF'S EXHIBIT 14

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS
OCCURRENCE POLICY
RENEWAL OF GL9 0601617

NON-ASSESSABLE **THIS POLICY IS SUBJECT TO A GENERAL AGGREGATE LIMIT**

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/03	12/05/04	PA NATIONAL MUTUAL CAS INS CO	0006751	25

NAMED INSURED AND ADDRESS	AGENCY
JJA FRAMING COMPANY CASTILLO JOSE DBA 3000 COLVARD PARKWAY CHARLOTTE NC 28269	W LEE TAYLOR AGY-C PO BOX 30609 CHARLESTON SC 29417

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.
FORM OF BUSINESS: INDIVIDUAL BUSINESS DESCRIPTION: CARPENTRY

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

LIMITS OF INSURANCE

General Aggregate Limit (Other than products – completed operations)	$	1,000,000
Products – Completed Operations Aggregate Limit	$	1,000,000
Personal and Advertising Injury Limit – Any one person or organization	$	500,000
Each Occurrence Limit	$	500,000
Damage to Premises Rented to you Limit – Any one premises	$	100,000
Medical Expense Limit – Any one person	$	5,000

PREMIUM INFORMATION

CODE	PREMIUM BASIS	PER	RATES PREMS/OPS	RATES PRODUCTS	ADVANCE PREMIUM PREMS/OPS	ADVANCE PREMIUM PRODUCTS

SEE SUPPLEMENTAL DECLARATIONS, FORM 71-0029S

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART $2,164.00

FORMS APPLICABLE TO THIS COVERAGE PART:

SEE ATTACHED FORMS SCHEDULE, FORM 71-1084

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UND. TEAM
3	2	99		N	022

COUNTERSIGNED BY: _____
Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

71 0029 0500 BRANCH ISSUED 10/16/03

Exhibit 14 Pg2

COMMERCIAL GENERAL LIABILITY SUPPLEMENTAL DECLARATIONS

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/03	12/05/04	PA NATIONAL MUTUAL CAS INS CO	0006751	25

PREMISES NO. 1 : 3000 COLVARD PKWY
CHARLOTTE MECKLENBURG 28269

CODE	PREMIUM BASIS	PER	RATES PREMS/OPS	RATES PRODUCTS	ADVANCE PREMIUM PREMS/OPS	ADVANCE PREMIUM PRODUCTS
91340	65,000 PAYROLL	1000	VARIOUS	VARIOUS	INCLUDED	INCLUDED

CARPENTRY - CONSTRUCTION OF RESIDENTIAL PROPERTY NOT EXCEEDING THREE STORIES IN HEIGHT

ADDITIONAL INTERESTS - OWNERS OR LESSEES OR CONTRACTORS, BUT ONLY AS RESPECTS LIABILITY FOR OPERATIONS PERFORMED BY OR ON BEHALF OF THE INSURED CONTRACTOR OR SUBCONTRACTOR

Exhibit 14 Pg3

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/03	12/05/04	PA NATIONAL MUTUAL CAS INS CO	0006751	25

FORMS SCHEDULE

GENERAL LIABILITY FORMS:

710477	05/93	710576	05/94	710442	07/98	IL0017	11/98
IL0269	07/02	IL0021	07/02	CG0300	01/96	CG2167	04/02
710939	06/01	CG2037	10/01	710741	01/02	CG0001	10/01
CG2150	09/89	710543	05/00	710546	01/94	710680	07/02
CG2147	07/98	CG2161	04/98	710988	07/02	711003	07/02
711043	01/03	710189	01/03	711061	02/03	CG2170	11/02
711081	07/03	CG0062	12/02	CG2176	11/02		

POLICY SCHEDULE OF NAMES AND ADDRESSES

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/03	12/05/04	PA NATIONAL MUTUAL CAS INS CO	0006751	25

THE FOLLOWING ARE INSUREDS ON THIS POLICY

COMMERCIAL GENERAL LIABILITY NAMES AND ADDRESSES

PREMISES NO.: 1

CENTEX HOMES 2728 HOLDING CO
AND CENTEX REAL ESTATE CORP
2430 MALL DRIVE SUITE 450
NORTH CHARLESTON SC 29406

OWNERS, LESSEES OR CONTRACTORS

SEE CG2037

PAGE: 1 DATE: 10/16/03

POLICY PREMIUM RECAP SHEET

POLICY NUMBER : GL9 0601617 01 01
EFFECTIVE DATE : 12/05/03
EXPIRATION DATE: 12/05/04

INSURED : JJA FRAMING COMPANY
CASTILLO JOSE DBA
3000 COLVARD PARKWAY
CHARLOTTE NC

COMP : PA NATIONAL MUTUAL CAS INS CO AGENT : W LEE TAYLOR AGY-C

COMPANY LINE : CASUALTY/COMMERCIAL GENERAL LIABILITY - MONOLINE

POLICY PREMIUM TOTALS

TOTAL GENERAL LIABILITY PREMIUM.....$2,183.00

TOTAL POLICY PREMIUM.....$2,183.00

Exhibit 14 Pg6

DATE: 10/16/03 PAGE: 1

GENERAL LIABILITY RENEWAL WORKSHEET

POLICY NUMBER : GL9 0501617 01 INSURED : JJA FRAMING COMPANY
EFFECTIVE DATE : 12/05/03 AGENT : W LEE TAYLOR AGY-C
EXPIRATION DATE: 12/05/04 COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 GEN AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL
DEDUCTIBLES : PD : 500

	(EXPER +	SCHED - 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000	1.120	1.000	1.000	1.000	1.000	1.120

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF -	DED) =
PREMOP	7.050	1.000		1.00000	1.310	0.011

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE =
PREMOP	15.111	1.120	1.000		1.00000	16.924*	65000

	DEP PREM	PREMIUM
	$1,100	$1,100

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

* INDICATES MANUAL OVERRIDE

Exhibit 14 Pg7

DATE: 10/16/03 PAGE: 2

GENERAL LIABILITY RENEWAL WORKSHEET

POLICY NUMBER : GL9 0801817 01 INSURED : JJA FRAMING COMPANY
COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 GEN AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
AI : ADDITIONAL INTERESTS - OWNERS OR LESSEES OR CONTRACTORS, BUT AI SEQ: 1
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL

	(EXPER + SCHED - 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000 1.120	1.000	1.000	1.000	1.000*	1.120

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF - DED) =
PREMOP	250.000*	1.000		1.00000	1.000*

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE =
PREMOP	412.500	1.120	1.000	1.000*	1.00000	250.000*	1

	DEP PREM	PREMIUM
	$250*	$250*

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

* INDICATES MANUAL OVERRIDE

Exhibit 14 Pg8

DATE: 10/16/03 PAGE: 3

GENERAL LIABILITY RENEWAL WORKSHEET

POLICY NUMBER : GL9 0601617 01 INSURED : JJA FRAMING COMPANY
COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 PROD AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL
DEDUCTIBLES : PD : 500

	(EXPER + SCHED - 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000 1.120	1.000	1.000	1.000	1.000	1.120

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF - DED) =
PRODCO	4.810	1.000			1.450 0.008

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE =
PRODCO	11.444	1.120	1.000		1.00000	12.818*	65000

	DEP PREM	PREMIUM
	$833	$833

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

ADDL FOR MIN PREM : $0 PREMOP TOTAL SUBLINE PREM: $1,350
ADDL FOR MIN PREM : $0 PRODCO TOTAL SUBLINE PREM: $833

* INDICATES MANUAL OVERRIDE

Exhibit 14 Pg9

PA NATIONAL MUTUAL CAS INS CO

COMMERCIAL GENERAL LIABILITY POLICY FORMS INVENTORY

POLICY NUMBER GL9 0601617 01 RENEWAL OF GL9 0601617 00
AMENDMENT OF POLICY EFFECTIVE: DEC. 05, 2003

NAMED INSURED: JJA FRAMING COMPANY

POLICY PERIOD: 12/05/03 TO 12/05/04

THE FOLLOWING FORMS HAVE BEEN ADDED TO THE POLICY.

** NO FORMS GENERATED **

FORM NO. FORMSINV 1/86 ISSUED 01/30/04

Exhibit 14 Pg10

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105-2361

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS

ENDORSEMENT NUMBER 01 EFFECTIVE DATE 12/05/03

NON-ASSESSABLE

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/03	12/05/04	PA NATIONAL MUTUAL CAS INS CO	0008751	25

NAMED INSURED AND ADDRESS	AGENCY
JJA FRAMING COMPANY CASTILLO JOSE DBA 3000 COLVARD PARKWAY CHARLOTTE NC 28269	W LEE TAYLOR AGY-C PO BOX 30609 CHARLESTON SC 29417

It is agreed that this policy is hereby amended as indicated below:

PREMISES NO. 1 : 3000 COLVARD PKWY
CHARLOTTE MECKLENBURG 28269

THE FOLLOWING ADDITIONAL INSURED IS ADDED:

ADDITIONAL INTERESTS - OWNERS OR LESSEES OR CONTRACTORS, BUT ONLY AS RESPECTS LIABILITY FOR OPERATIONS PERFORMED BY OR ON BEHALF OF THE INSURED CONTRACTOR OR SUBCONTRACTOR

NEW ANNUAL PREMIUM: $2,933.00 TOTAL PREMIUM THIS ENDORSEMENT

ADDITIONAL PREMIUM
$750.00

THIS ENDORSEMENT IS SUBJECT TO THE DECLARATIONS, CONDITIONS AND OTHER TERMS OF THE POLICY WHICH ARE NOT INCONSISTENT HEREWITH AND WHEN COUNTERSIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY, FORMS A PART OF THE POLICY DESCRIBED HEREIN.

PRO-RATA PERCENTAGE 100.0%

SIGNATURE OF AUTHORIZED REPRESENTATIVE _____

FORM 71-0050 (Ed. 03/91) BRANCH ISSUED 01/30/04

Exhibit 14 Pg11

POLICY SCHEDULE OF NAMES AND ADDRESSES AMENDMENT

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0801617	12/05/03	12/05/04	PA NATIONAL MUTUAL CAS INS CO	0006751	25

THE FOLLOWING ARE INSUREDS ON THIS POLICY

COMMERCIAL GENERAL LIABILITY NAMES AND ADDRESSES

THE FOLLOWING IS ADDED:

PREMISES NO.: 1

PASQUINELLI CONSTRUCTION CO
PASQUINELLI MANAGEMENT LLC &
4411-101 WEST MARKET STREET
GREENSBORO NC 27407

OWNERS, LESSEES OR CONTRACTORS
SEE CG2037

THE FOLLOWING IS ADDED:

PREMISES NO.: 1

PASQUINELLI CONSTRUCTION CO
PASQUINELLI MANAGEMENT LLC &
9105-120 MONROE ROAD
CHARLOTTE NC 28270

OWNERS, LESSEES OR CONTRACTORS
SEE CG2037

THE FOLLOWING IS ADDED:

PREMISES NO.: 1

PASQUINELLI CONSTRUCTION CO
PASQUINELLI MANAGEMENT LLC &
7410 NORTHSIDE DR SUITE 107
CHARLESTON SC 29420

OWNERS, LESSEES OR CONTRACTORS
SEE CG2037

PAGE: 1 DATE: 01/30/04

POLICY PREMIUM RECAP SHEET

POLICY NUMBER : GL9 0601617 01 01
EFFECTIVE DATE : 12/05/03
EXPIRATION DATE: 12/05/04

INSURED : JJA FRAMING COMPANY
CASTILLO JOSE DBA
3000 COLVARD PARKWAY
CHARLOTTE NC

COMP : PA NATIONAL MUTUAL CAS INS CO AGENT : W LEE TAYLOR AGY-C

COMPANY LINE : CASUALTY/COMMERCIAL GENERAL LIABILITY - MONOLINE

POLICY PREMIUM TOTALS

TOTAL GENERAL LIABILITY PREMIUM.....$2,933.00

TOTAL POLICY PREMIUM.....$2,933.00

Exhibit 14 Pg13

PAGE: 1 DATE: 01/30/04

POLICY PREMIUM RECAP SHEET

POLICY NUMBER : GL9 0601617 01 01
EFFECTIVE DATE : 12/05/03
EXPIRATION DATE: 12/05/04

INSURED : JJA FRAMING COMPANY
CASTILLO JOSE DBA
3000 COLVARD PARKWAY
CHARLOTTE NC

COMP : PA NATIONAL MUTUAL CAS INS CO AGENT : W LEE TAYLOR AGY-C

COMPANY LINE : CASUALTY/COMMERCIAL GENERAL LIABILITY - MONOLINE

POLICY PREMIUM TOTALS

TOTAL GENERAL LIABILITY PREMIUM.....$2,933.00

TOTAL POLICY PREMIUM.....$2,933.00

Exhibit 14 Pg14

DATE: 01/30/04 PAGE: 1

GENERAL LIABILITY ENDORSEMENT WORKSHEET

POLICY NUMBER : GL9 0601817 01 INSURED : JJA FRAMING COMPANY
COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 GEN AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
AI : ADDITIONAL INTERESTS - OWNERS OR LESSEES OR CONTRACTORS, BUT AI SEQ: 2
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL

	(EXPER + SCHED - 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000 1.120	1.000	1.000	1.000	1.000*	1.120

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF - DED) =
PREMOP	250.000*	1.000		1.00000	1.000*

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE =
PREMOP	412.500	1.120	1.000	1.000*	1.00000	250.000*	1

	DEP PREM	PREMIUM
	$250*	$250*

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

* INDICATES MANUAL OVERRIDE

Exhibit 14 Pg15

DATE: 01/30/04 PAGE: 2

GENERAL LIABILITY ENDORSEMENT WORKSHEET

POLICY NUMBER : GL9 0601617 01 INSURED : JJA FRAMING COMPANY
COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 GEN AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
AI : ADDITIONAL INTERESTS - OWNERS OR LESSEES OR CONTRACTORS, BUT AI SEQ: 3
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL

	(EXPER + SCHED - 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000 1.120	1.000	1.000	1.000	1.000*	1.120

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF - DED) =
PREMOP	250.000*	1.000		1.00000	1.000*

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE =
PREMOP	412.500	1.120	1.000	1.000*	1.00000	250.000*	1

	DEP PREM	PREMIUM
	$250*	$250*

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

* INDICATES MANUAL OVERRIDE

Exhibit 14 Pg16

DATE: 01/30/04 PAGE: 3

GENERAL LIABILITY ENDORSEMENT WORKSHEET

POLICY NUMBER : GL9 0801617 01 INSURED : JJA FRAMING COMPANY
COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 GEN AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
AI : ADDITIONAL INTERESTS - OWNERS OR LESSEES OR CONTRACTORS, BUT AI SEQ: 4
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL

	(EXPER + SCHED - 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000 1.120	1.000	1.000	1.000	1.000*	1.120

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF - DED) =
PREMOP	250.000*	1.000		1.00000	1.000*

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE =
PREMOP	412.500	1.120	1.000	1.000*	1.00000	250.000*	1

	DEP PREM	PREMIUM
	$250*	$250*

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

* INDICATES MANUAL OVERRIDE

Exhibit 14 Pg17

COMMERCIAL GENERAL LIABILITY
CG 20 37 1001

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization: PASQUINELLI CONSTRUCTION CO PASQUINELLI MANAGEMENT LLC & PORTRAIT HOMES CONSTRUCTION COMPANY 4411-101 WEST MARKET STREET
Location And Description of Completed Operations: 3000 COLVARD PKWY CHARLOTTE MECKLENBURG NC 28269
Additional Premium: INCL

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Section II - Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products - completed operations hazard".

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COMMERCIAL GENERAL LIABILITY
CG 20 37 1001

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization: PASQUINELLI CONSTRUCTION CO PASQUINELLI MANAGEMENT LLC & PORTRAIT HOMES CONSTRUCTION COMPANY 9105-120 MONROE ROAD CHARLOTTE NC 28270
Location And Description of Completed Operations: 3000 COLVARD PKWY CHARLOTTE MECKLENBURG NC 28269
Additional Premium: INCL

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Section II - Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products - completed operations hazard".

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COMMERCIAL GENERAL LIABILITY
CG 20 37 1001

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization: PASQUINELLI CONSTRUCTION CO PASQUINELLI MANAGEMENT LLC & PORTRAIT HOMES CONSTRUCTION COMPANY 7410 NORTHSIDE DR SUITE 107
Location And Description of Completed Operations: 3000 COLVARD PKWY CHARLOTTE MECKLENBURG NC 28269
Additional Premium: INCL

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Section II - Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products - completed operations hazard".

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DATE: 01/30/04 PAGE: 3

GENERAL LIABILITY ENDORSEMENT WORKSHEET

POLICY NUMBER : GL9 0801617 01 INSURED : JJA FRAMING COMPANY
COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 GEN AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
AI : ADDITIONAL INTERESTS - OWNERS OR LESSEES OR CONTRACTORS, BUT AI SEQ: 4
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL

	(EXPER + SCHED - 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000 1.120	1.000	1.000	1.000	1.000*	1.120

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF - DED) =
PREMOP	250.000*	1.000		1.00000	1.000*

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE =
PREMOP	412.500	1.120	1.000	1.000*	1.00000	250.000*	1

	DEP PREM	PREMIUM
	$250*	$250*

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

* INDICATES MANUAL OVERRIDE

Exhibit 14 Pg21

CLP Common Recipient Separator

Policy Number: GL9 0601617 02

Named Insured: JJA FRAMING COMPANY

AGENCY

Exhibit 14 Pg22

General Liability Recipient Separator

Policy Number: GL9 0601617 02

Named Insured: JJA FRAMING COMPANY

AGENCY

Exhibit 14 Pg23

PA NATIONAL MUTUAL CAS INS CO

COMMERCIAL GENERAL LIABILITY POLICY FORMS INVENTORY

POLICY NUMBER GL9 0601617 01 RENEWAL OF GL9 0601617 00

NAMED INSURED: JJA FRAMING COMPANY

POLICY PERIOD: 12/05/03 TO 12/05/04

GENERAL LIABILITY FORMS:

710477	05/93	710576	05/94 *	710442	07/96	
IL0017	11/98	IL0269	07/02 *	IL0021	07/02 *	
CG0300	01/96	CG2167	04/02	710939	06/01	
CG2037	10/01	710741	01/02	CG0001	10/01	
CG2150	09/89	710543	05/00	710546	01/94	
710680	07/02	CG2147	07/98	CG2161	04/98	
710988	07/02	711003	07/02 *	711043	01/03 *	
710189	01/03 *	711061	02/03 *	CG2170	11/02 *	
711081	07/03 *	CG0062	12/02 *	CG2176	11/02 *	XXX

STAMPING REQUIREMENT

CLAD

FORM NO. FORMSINV 1/86 ISSUED 10/16/03

Exhibit 14 Pg24

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 Harrisburg, PA 17105-2361

IMPORTANT NOTICE

Enclosed is your renewal declarations. Please note that all endorsements listed on the renewal declarations will remain in effect during this policy term. We have attached only new or revised endorsements. For copies of any endorsement that is not attached, refer to your original policy.

Thank you for placing your coverage with the Pennsylvania National Insurance Companies.

Form 71-0576 (Ed. 5/94)

PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

IMPORTANT NOTICE
BILLING INFORMATION

This policy is written on a direct bill basis. You will receive all invoices from us under separate cover.

If you have more than one commercial policy written by Penn National Insurance, they can be combined into one billing plan. If this has not been done for you, please contact your agent for details.

There will be times when changes are made to your policy. When this happens we will calculate the additional or return premium and spread the change in premium equally over the remaining installments.

You will receive a premium invoice approximately (20) twenty days prior to the due date. If your premium payment is not received by the due date shown on the invoice, we will send a Notice of Cancellation. If premium is not paid by the cancellation date all coverages will terminate. Repetitive notices of cancellation for non-payment of premium may result in your pay plan being converted to a prepaid (no installment) basis.

While it is our desire to keep our invoices simple and easy to read, questions may arise on your billings. When you have billing questions, please call us at 1-800-388-4764 extension 2441 for our Commercial Lines Automated Response Attendant (CLARA). CLARA will be able to answer all 'basic billing' questions. If more detailed information is needed, you may press the (*) star key at any time during your call which will connect you with one of our customer service representatives.

Thank you for choosing Penn National Insurance, we appreciate your business. Please let us know how we are doing.

Exhibit 14 Pg26

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

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

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
   a. Make inspections and surveys at any time;
   b. Give you reports on the conditions we find; and
   c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
   a. Are safe or healthful; or
   b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statues, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

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Exhibit 14 Pg27

IL 02 69 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:

2. Cancellation Requirements

a. Policies In Effect Less Than 60 Days

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

(1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. Policies In Effect More Than 60 Days

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

(1) Expiration of the policy term; or

(2) Anniversary date,

stated in the policy only for one or more of the following reasons:

(a) Nonpayment of premium;

(b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;

(c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;

(d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;

(e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;

(f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;

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(g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;

(h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;

(i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or

(j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

(i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(ii) 30 days before the effective date of cancellation if we cancel for any other reason.

c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.

d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

B. The following provisions are added and supersede any other provisions to the contrary:

1. **Nonrenewal**

a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:

(1) Expiration of the policy if this policy has been written for one year or less; or

(2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.

b. We need not mail or deliver the notice of nonrenewal if you have:

(1) Insured property covered under this policy, under any other insurance policy;

(2) Accepted replacement coverage; or

(3) Requested or agreed to nonrenewal of this policy.

c. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. The written notice of cancellation or nonrenewal will:

a. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and

b. State the reason or reasons for cancellation or nonrenewal.

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INTERLINE
IL 00 21 0702

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

   A. Under any Liability Coverage, to "bodily injury" or "property damage":

      (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

      (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

   B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

   C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

      (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;

      (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or

      (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

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2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material" and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage	Amount and Basis of Deductible PER CLAIM	or	PER OCCURRENCE
Bodily Injury Liability	$		$
OR			
Property Damage Liability	$		$ 500
OR			
Bodily Injury Liability and/or Property Damage Liability Combined	$		$

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

A. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.

B. You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:

1. **PER CLAIM BASIS.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:
   a. Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";
   b. Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or
   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:
      (1) "Bodily injury";
      (2) "Property damage"; or
      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence".

   If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.

   With respect to "property damage", person includes an organization.

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2. **PER OCCURRENCE BASIS.** If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:

   a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";

   b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or

   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:

      (1) "Bodily injury";

      (2) "Property damage"; or

      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

C. The terms of this insurance, including those with respect to:

   1. Our right and duty to defend the insured against any "suits" seeking those damages; and

   2. Your duties in the event of an "occurrence", claim, or "suit"

   apply irrespective of the application of the deductible amount.

D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

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FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of **Section I - Coverage A - Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

B. The following exclusion is added to Paragraph 2., Exclusions of **Section I - Coverage B - Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.

b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

C. The following definition is added to the **Definitions** Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

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Exhibit 14 Pg34

PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EXTERIOR INSULATION AND FINISH SYSTEMS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

This insurance does not apply to:

I. "Bodily injury" or "property damage" included in the "products-completed operations hazard" and arising out of "your work" caused by the actual or alleged:

A. Design, construction, fabrication, preparation, installation, application, maintenance or repair, including remodeling, service, correction, or replacement, of an exterior insulation and finish system (commonly referred to as synthetic stucco) or any part or portion thereof, or any substantially similar system which resists water penetration at its outer surface.

B. Any work or operations with respect to any exterior component, fixture or feature of any structure if an exterior insulation and finish system, or substantially similar systems are used on any part or portion of that structure.

Exhibit 14 Pg35

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization: CENTEX HOMES 2728 HOLDING CO AND CENTEX REAL ESTATE CORP 2430 MALL DRIVE SUITE 450 NORTH CHARLESTON SC 29406
Location And Description of Completed Operations: 3000 COLVARD PKWY CHARLOTTE MECKLENBURG NC 28269
Additional Premium: $250

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Section II - Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products - completed operations hazard".

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PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following provision is added to WHO IS AN INSURED (Section II):

5. Any person(s) or organizations(s) (referred to below as "additional insured") with whom you are required in a written contract or agreement to name as an additional insured but only for "your" acts or omissions arising from "your" ongoing operations at the location or project described in the contract or agreement.

   The insurance provided to the additional insured does not apply to "bodily injury", "property damage", "personal and advertising injury":

   a. Arising out of any act or omission of the additional insured(s) or any of their "employees", including supervision of "your work" or the work of any other person or organization.

   b. Occurring after that portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

   c. Arising out of an architect's, engineer's, or surveyor's rendering of or failure to render any professional services including:

      (1) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

      (2) Supervisory, inspection or engineering services.

   These exclusions apply in addition to those contained in the Coverage Part.

   The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

   This coverage does not apply to any person(s) or organization(s) specifically named as additional insured in any policy issued by "us".

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PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following provision is added to WHO IS AN INSURED (Section II):

5. Any person(s) or organizations(s) (referred to below as "additional insured") with whom you are required in a written contract or agreement to name as an additional insured but only for "your" acts or omissions arising from "your" ongoing operations at the location or project described in the contract or agreement.

   The insurance provided to the additional insured does not apply to "bodily injury", "property damage", "personal and advertising injury":

   a. Arising out of any act or omission of the additional insured(s) or any of their "employees", including supervision of "your work" or the work of any other person or organization.

   b. Occurring after that portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

   c. Arising out of an architect's, engineer's, or surveyor's rendering of or failure to render any professional services including:

      (1) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

      (2) Supervisory, inspection or engineering services.

   These exclusions apply in addition to those contained in the Coverage Part.

   The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

   This coverage does not apply to any person(s) or organization(s) specifically named as additional insured in any policy issued by "us".

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COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

SECTION I – COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

b. This insurance applies to "bodily injury" and "property damage" only if:

(1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "bodily injury" or "property damage" occurs during the policy period; and

(3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

(1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

(2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

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e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. **Exclusions**

This insurance does not apply to:

a. **Expected Or Intended Injury**

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. **Contractual Liability**

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. **Liquor Liability**

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. **Workers' Compensation And Similar Laws**

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. **Employer's Liability**

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

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f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

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(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

(1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

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Paragraphs **(1)**, **(3)** and **(4)** of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section **III** – Limits Of Insurance.

Paragraph **(2)** of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs **(3)**, **(4)**, **(5)** and **(6)** of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph **(6)** of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) "Your product";

(2) "Your work"; or

(3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits Of Insurance.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance ; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C.**

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B**.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

(1) Advertising, broadcasting, publishing or telecasting;

(2) Designing or determining content of websites for others; or

(3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a., b.** and **c.** of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

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l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-Related

Any loss, cost or expense arising out of any:

(1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

COVERAGE C MEDICAL PAYMENTS

1. Insuring Agreement

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

(1) On premises you own or rent;

(2) On ways next to premises you own or rent; or

(3) Because of your operations;

provided that:

(1) The accident takes place in the "coverage territory" and during the policy period;

(2) The expenses are incurred and reported to us within one year of the date of the accident; and

(3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

(1) First aid administered at the time of an accident;

(2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and

(3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while taking part in athletics.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

h. War

Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

a. All expenses we incur.

b. Up to $250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $250 a day because of time off from work.

e. All costs taxed against the insured in the "suit".

f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

b. This insurance applies to such liability assumed by the insured;

c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

(a) Cooperate with us in the investigation, settlement or defense of the "suit";

(b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

(c) Notify any other insurer whose coverage is available to the indemnitee; and

(d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

(a) Obtain records and other information related to the "suit"; and

(b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section I – Coverage A – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or

b. The conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

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SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:
   a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
   b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
   c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
   d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
   e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
   a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
      (1) "Bodily injury" or "personal and advertising injury":
         (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
         (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
         (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
         (d) Arising out of his or her providing or failing to provide professional health care services.
      (2) "Property damage" to property:
         (a) Owned, occupied or used by,
         (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

         you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
   b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
   c. Any person or organization having proper temporary custody of your property if you die, but only:
      (1) With respect to liability arising out of the maintenance or use of that property; and
      (2) Until your legal representative has been appointed.
   d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
   a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
   b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

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4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
   a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
   b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
   c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
   a. Insureds;
   b. Claims made or "suits" brought; or
   c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
   a. Medical expenses under Coverage **C**;
   b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
   c. Damages under Coverage **B**.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to **2.** above, the Personal and Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to **2.** or **3.** above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
   a. Damages under Coverage **A**; and
   b. Medical expenses under Coverage **C**

   because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to **5.** above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to **5.** above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. **Bankruptcy**

   Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. **Duties In The Event Of Occurrence, Offense, Claim Or Suit**
   a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
      (1) How, when and where the "occurrence" or offense took place;
      (2) The names and addresses of any injured persons and witnesses; and
      (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

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b. If a claim is made or "suit" is brought against any insured, you must:

(1) Immediately record the specifics of the claim or "suit" and the date received; and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. **Legal Action Against Us**

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. **Other Insurance**

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

a. **Primary Insurance**

This insurance is primary except when **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in **c.** below.

b. **Excess Insurance**

This insurance is excess over:

(1) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.

(2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

a. As if each Named Insured were the only Named Insured; and

b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

   a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

   b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

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3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "Coverage territory" means:

   a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

   b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above; or

   c. All other parts of the world if the injury or damage arises out of:

      (1) Goods or products made or sold by you in the territory described in a. above;

      (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or

      (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication

   provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

   a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

   b. You have failed to fulfill the terms of a contract or agreement;

   if such property can be restored to use by:

   a. The repair, replacement, adjustment or removal of "your product" or "your work"; or

   b. Your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

   a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

   b. A sidetrack agreement;

   c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

   d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

   e. An elevator maintenance agreement;

   f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

      Paragraph f. does not include that part of any contract or agreement:

      (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;

      (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

         (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

         (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

      (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

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10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

    a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

    b. While it is in or on an aircraft, watercraft or "auto"; or

    c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

    but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

    a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

    b. Vehicles maintained for use solely on or next to premises you own or rent;

    c. Vehicles that travel on crawler treads;

    d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

        (1) Power cranes, shovels, loaders, diggers or drills; or

        (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

    e. Vehicles not described in **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

        (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

        (2) Cherry pickers and similar devices used to raise or lower workers;

    f. Vehicles not described in **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

    However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

        (1) Equipment designed primarily for:

            (a) Snow removal;

            (b) Road maintenance, but not construction or resurfacing; or

            (c) Street cleaning;

        (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

        (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

    a. False arrest, detention or imprisonment;

    b. Malicious prosecution;

    c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

    d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

    e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

    f. The use of another's advertising idea in your "advertisement"; or

    g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

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15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

(a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;

(2) The existence of tools, uninstalled equipment or abandoned or unused materials; or

(3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

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b. Includes

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and

(2) The providing of or failure to provide warnings or instructions.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF LIQUOR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion c. of COVERAGE A (Section I) is replaced by the following:

c. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you:

(1) Manufacture, sell or distribute alcoholic beverages;

(2) Serve or furnish alcoholic beverages for a charge whether or not such activity:

(a) Requires a license;

(b) Is for the purpose of financial gain or livelihood; or

(3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

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THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM.
COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY
COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY
COVERAGE C. MEDICAL PAYMENTS

EXCLUSION - LEAD CONTAMINATION

This insurance does not apply to:

1. "Bodily Injury", "medical payments", "property damage", or "personal and advertising injury" which would not have ocurred in whole or part but for the actual, alleged, or threatened ingestion, inhalation, absorption, dispersal, disposal, seepage, migration, release, or escape of lead in any form at any time.

2. Any loss, cost, or expense arising out of any:
   a. request, demand, or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to or assess the effects of lead; or
   b. claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to, or assessing the effects of lead.

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NOTICE TO INSURED - PLEASE READ YOUR POLICY CAREFULLY

Your policy contains an exclusion for lead contamination in any form at any time. Refer to endorsement 71-0543, Exclusion - Lead Contamination.

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NOTICE TO INSURED - PLEASE READ YOUR POLICY CAREFULLY

Your policy contains an exclusion for lead contamination in any form at any time. Refer to endorsement 71-0543, Exclusion - Lead Contamination.

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EXTENDED COVERAGE ENDORSEMENT GENERAL LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

I. **Amendment - Aggregate Limits of Insurance**

The General Aggregate Limit under the LIMITS OF INSURANCE (Section III) applies separately to each of your:

a. Projects away from premises owned by or rented to you;

b. "Locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

II. **Bodily Injury Redefined**

The definition of "bodily injury" in DEFINITIONS (Section V) is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by a person including mental anguish or death resulting from any of these.

III. **Mobile Equipment Redefined**

Paragraph 12.f. subparagraph (1) of DEFINITIONS (Section V) does not apply to self-propelled vehicles of less than 1000 pounds gross vehicle weight.

IV. **Broad Form Named Insured**

a. WHO IS AN INSURED (Section II) is amended to include as an insured any organization or subsidiary thereof, other than a partnership, joint venture, or limited liability corporation, which is a legally incorporated entity of which you own a financial interest of more than 50 percent of the voting stock on the effective date of this endorsement.

b. Paragraph IV.a. does not apply to injury or damage with respect to which an insured under this policy is also an insured under another policy or would be an insured under such policy but for its termination or upon the exhaustion of its limits of insurance.

c. Paragraph IV.b. does not apply to a policy written to apply specifically in excess of this policy.

V. **Newly Formed or Acquired Organizations**

In paragraph 4.a. of WHO IS AN INSURED (Section II), 90th day is changed to 180th day.

VI. **Incidental Malpractice Liability - Nurse, EMT, or Paramedic**

Paragraph 2.a.(1)(d) of WHO IS AN INSURED (Section II) is deleted and replaced by: Arising out of his or her providing or failing to provide professional health care services. However, if you have "employees" who are a nurse, emergency medical technician or paramedic, they are an insured with respect to their providing or failing to provide professional health care services to your "employees".

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VII. Duties in the Event of Occurrence, Claim or Suit Redefined

a. The requirement in Condition 2.a. of CONDITIONS (Section IV) that you must see to it that we are notified of an "occurrence" only applies when the "occurrence" or offense is known to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

b. The requirement in Condition 2.b. of CONDITIONS (Section IV) that you must see to it that we receive notice of a claim or "suit" will not be considered breached unless the breach occurs after such claim or "suit" is know to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

VIII. Unintentional Errors or Omissions

We will not deny coverage under this Coverage Part because of the unintentional omission of, or unintentional error in, any information provided by you. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

IX. Non-Owned Watercraft

a. Exclusion g. Paragraph (2) of COVERAGE A (Section I) is deleted and replaced by the following:

(2) A watercraft you do not own that is:

(a) Less than 51 feet long; and

(b) Not being used to carry persons or property for a charge;

b. Paragraph IX.a. above applies to any person who, with your expressed or implied consent, either uses or is responsible for the use of a watercraft.

c. Paragraphs IX.a. and IX.b. above do not apply if the insured has any other insurance for "bodily injury" or "property damage" liability that would also apply to loss covered under this provision, whether the other insurance is primary, excess, contingent or on any other basis. In that case, this Provision IX does not provide any insurance.

d. Paragraph IX.c. above does not apply to a policy written to apply specifically in excess of this policy.

X. Supplementary Payments Increased Limits

In the SUPPLEMENTARY PAYMENTS - COVERAGE A and B (Section I) provision:

a. The limit for the cost of bail bonds is changed from $250 to $2000.

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EMPLOYMENT - RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

B. The following exclusion is added to Paragraph **2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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EXCLUSION - YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS - PRODUCTS/COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., Exclusions of Section I - Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to "bodily injury" or "property damage" included in the "products-completed operations hazard" definition and arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

(a) Computer hardware, including microprocessors;

(b) Computer application software;

(c) Computer operating systems and related software;

(d) Computer networks;

(e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.

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NOTICE TO INSURED - PLEASE READ YOUR POLICY CAREFULLY

This notice applies to insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Your policy has been changed. The definition of "property damage" in your policy has been revised. Electronic data is not considered tangible property, therefore, there is no coverage for its loss nor any loss of use relating to the loss of data. Please refer to the definition of "property damage" contained in your policy (Form – CG 0001 10/01, Page 15 of 16) for further clarification.

Your policy has been changed to exclude coverage for "personal and advertising injury" for web site designers, internet search, access and service providers (with an exception for the mere placing of links, frames or borders), electronic chat rooms or bulletin boards, and unauthorized use of another's name or product in your e-mail address, domain name or metatag or any other similar tactics to mislead another's potential customers. Please refer to Coverage B-Personal and Advertising Injury Liability (Form CG0001 10/01, page 5 of 16 to 7 of 16).

Your policy has been changed to clarify that expenses incurred for repairs made on the insured's own property for any reason, including to avoid injury to a third party, will not be covered. Refer to your policy (Form CG 0001 10/01, page 4 of 16, paragraph J(1) – Damage to Property) for further clarification.

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NOTICE TO POLICYHOLDERS

RESTRICTIONS AND CLARIFICATIONS OF COVERAGE

This notice has been prepared in conjunction with the implementation of changes to your policy. It contains a brief synopsis of any significant restrictions and clarifications of coverage that were made in each policy form and endorsement.

Please read your policy, and the endorsements attached to your policy, carefully.

CG 21 67 04 02 - Fungi or Bacteria Exclusion (Commercial General Liability Coverage Part)

When this endorsement is attached to your policy:

- coverage is restricted to exclude bodily injury or property damage arising, directly or indirectly, out of any fungi, including but not limited to mold, or bacteria on or in a building or structure. This exclusion applies whether or not any other cause, event, material or product contributed in any sequence to the injury or damage.

- coverage is clarified to exclude personal and advertising injury arising, directly or indirectly, out of any fungi, including but not limited to mold, or bacteria on or in a building or structure. This exclusion applies whether or not any other cause, event, material or product contributed in any sequence to the injury.

- coverage is restricted to exclude clean-up costs associated with fungi or bacteria.

The exclusion does not apply to fungi or bacteria intended for consumption, such as mushrooms.

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NOTICE TO POLICYHOLDERS-CERTAIN COVERAGE IN THIS POLICY HAS BEEN ELIMINATED OR REDUCED

This notice applies to Insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Please read your policy, and the endorsements attached to your policy, carefully.

710188 0103 (PA); 710189 0103(NC);710948 0103- ASBESTOS ENDORSEMENT (EXCLUSION)

When any combination of these endorsements (exclusions) are attached to your policy:

Coverage will not apply for any liability arising out of the inhalation, ingestion, prolonged physical exposure, use, removal, manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos.

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

ASBESTOS ENDORSEMENT (EXCLUSION) NORTH CAROLINA

In consideration of the premium paid and notwithstanding anything contained in this policy to the contrary, it is agreed as follows:

The coverage afforded by this policy does not apply to "bodily injury", "personal and advertising injury" or "property damage" arising out of:

1) Inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos; or

2) The use of asbestos in constructing or manufacturing any good, product or structure; or

3) The removal of asbestos from any good, product or structure; or

4) The manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos.

This coverage afforded by the policy does not apply to payment for the investigation or defense of any loss, injury or damage or any cost, fine or penalty or for any expense or claim or suit related to any of the above.

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THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT OF 2002. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

NOTICE - DISCLOSURE OF TERRORISM INSURANCE COVERAGE PREMIUM

The Terrorism Risk Insurance Act of 2002 establishes a program within the Department of the Treasury under which the federal government shares with the insurance industry the risk of loss from future terrorist attacks. The Act applies when the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States, certifies that an event meets the definition of an act of terrorism. The Act provides that, to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest to coerce the government or population of the United States.

In accordance with the federal Terrorism Risk Insurance Act of 2002 we are required to offer you coverage for losses resulting from certified acts of terrorism. The policy's other provisions will still apply to any such act.

DISCLOSURE OF PREMIUM

The portion of your annual premium that is attributable to coverage for acts of terrorism is $ 0.00.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

Under Federal Law, you have thirty (30) days to consider this offer of coverage for terrorist acts.

You may choose to reject the offer by signing the enclosed statement and returning it to us and your policy will be written to exclude the described coverage to the extent permissible by statute in your state.

Commercial Umbrella Policies Only

If you choose to accept this offer of coverage for certified acts of terrorism, coverage provided under your Commercial Umbrella Policy will be excess over any underlying policy limits regardless of whether you have accepted or rejected coverage on those policies for certified acts of terrorism.

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

Effective November 26, 2002, under your existing coverage, any losses caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States Government, Department of the Treasury pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

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REJECTION OF TERRORISM INSURANCE COVERAGE

I hereby reject the offer of terrorism coverage. I understand that an exclusion of certain terrorism losses will be made part of this Coverage Part/Policy.

Policyholder Signature	Print Name
Date	Policy Number

COMMERCIAL GENERAL LIABILITY
CG 21 70 11 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

With respect to any one or more "certified acts of terrorism", we will not pay any amounts for which we are not responsible under the terms of the federal Terrorism Risk Insurance Act of 2002 (including subsequent acts of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

"Certified act of terrorism" means an 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 pursuant to the federal Terrorism Risk Insurance Act of 2002. The federal Terrorism Risk Insurance Act of 2002 sets forth the following criteria for a "certified act of terrorism":

1. The act resulted in aggregate losses in excess of $5 million; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, 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.

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PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

NOTICE TO POLICYHOLDERS
RESTRICTIONS OF COVERAGE

This notice has been prepared in conjunction with the implementation of changes to your policy. It contains a brief synopsis of any significant restrictions of coverage that were made in each policy form and endorsement.

Please read your policy, and the endorsements attached to your policy, carefully.

A. **The endorsements below replace the current war exclusion to expand beyond contractually assumed liabilities and medical payments or introduce a war exclusion in forms which did not contain one.**

CG 00 62 12 02 - War Liability Exclusion
(Commercial General Liability Coverage Part)
CG 00 63 12 02 - War Liability Exclusion
(Owners and Contractors Protective Liability Coverage Part and Products/Completed Operations Liability Coverage Part)
CG 00 64 12 02 - War Liability Exclusion
(Liquor Liability Coverage Part and Railroad Protective Liability Coverage Part)

When these endorsements are attached to your policy, coverage is restricted to exclude bodily injury, property damage, personal and advertising injury, injury or damages, however caused, arising, directly or indirectly, out of:

1. war, including undeclared or civil war;
2. warlike action by a military force; or
3. insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

B. **CG 21 76 11 02 - Exclusion of Punitive Damages Related to a Certified Act of Terrorism (Commercial General Liability Coverage Part, Liquor Liability Coverage Part, Owners and Contractors Protective Liability Coverage Part, Products/Completed Operations Liability Coverage Part and Railroad Protective Liability Coverage Part)**
When this endorsement is attached to your policy, a punitive damages exclusion is added to exclude damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

C. **71 10 80 07 03 - Exclusion of Other Acts of Terrorism**
When this endorsement is attached to your policy, coverage is excluded for "other acts of terrorism" (acts other than certified acts) if:

1. aggregate losses from the event of terrorism exceeded $25 million; or
2. fifty or more persons sustain death or physical injury; or
3. if the event qualified as a nuclear event; or
4. if the event qualified under certain circumstances as a biological or chemical event.

However, this exclusion does not apply to acts that do not qualify as certified acts, but only to the extent that these acts do not result in aggregate losses in excess of $5 million.

COMMERCIAL GENERAL LIABILITY
CG 00 62 12 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Exclusion **i.** under Paragraph **2., Exclusions** of **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

2. Exclusions

This insurance does not apply to:

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

(1) War, including undeclared or civil war; or

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

B. The following exclusion is added to Paragraph **2., Exclusions** of **Section I – Coverage B – Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

WAR

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

a. War, including undeclared or civil war; or

b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

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

C. Exclusion **h.** under Paragraph **2., Exclusions** of **Section I – Coverage C – Medical Payments** does not apply. Medical payments due to war are now subject to Exclusion **g.** of Paragraph **2., Exclusions** of **Section I – Coverage C – Medical Payments** since "bodily injury" arising out of war is now excluded under Coverage **A.**

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Exhibit 14 Pg71

COMMERCIAL GENERAL LIABILITY
CG 21 76 11 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM PUNITIVE DAMAGES

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

B. The following definition is added:

"Certified act of terrorism" means an 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 pursuant to the federal Terrorism Risk Insurance Act of 2002. The federal Terrorism Risk Insurance Act of 2002 sets forth the following criteria for a "certified act of terrorism":

1. The act resulted in aggregate losses in excess of $5 million; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, 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.

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Taylor Agency
P. O. Box 30609
Charleston, SC 29417
Phone : 843-762-1805

MEMO			Page 1
ACCOUNT NO. JJAFR-1	CSR AD	DATE 12/19/03	

POLICY INFORMATION

POLICY #			
GL90601617			
TYPE		EFFECTIVE	EXPIRATION
GL		12/05/03	12/05/04

Penn National Insurance
Central Scanning Unit
P. O. Box 3464
Harrisburg, PA 17105

CUSTOMER: JJA Framing Company
Jose Castillo

Agency Code: 22-6798 **Re: Endorsement Request**

Attn: Joyce Bryant, Commercial Underwriting

Please add a General Liability Additional Insured Form, CG2037 10/01 in favor of the following:

Pasquinelli Construction Co.,
Pasquinelli Management, LLC &
Portrait Homes Construction Company
4411-101 West Market Street
Greensboro, NC 27407

Thanks!

Alicia Brown

Alicia Brown

PLAINTIFF'S EXHIBIT 15

Taylor Agency
P. O. Box 30609
Charleston, SC 29417
Phone : 843-762-1805

MEMO			Page 1
ACCOUNT NO. JJAFR-1	CSR AD	DATE 12/19/03	

POLICY INFORMATION

POLICY #		EFFECTIVE	EXPIRATION
GL90601617			
TYPE GL		12/05/03	12/05/04

Penn National Insurance
Central Scanning Unit
P. O. Box 3464
Harrisburg, PA 17105

CUSTOMER: JJA Framing Company
Jose Castillo

Agency Code: 22-6798

Re: Endorsement Request

Attn: Joyce Bryant, Commercial Underwriting

Please add a General Liability Additional Insured Form, CG2037 10/01 in favor of the following:

Pasquinelli Construction Co.,
Pasquinelli Management, LLC &
Portrait Homes Construction Company
9105-120 Monroe Road
Charlotte, NC 28270

Thanks!

Alicia Brown

Alicia Brown

Exhibit 15 Pg2

Taylor Agency
P. O. Box 30609
Charleston, SC 29417
Phone : 843-762-1805

MEMO			Page 1
ACCOUNT NO. JJAFR-1	CSR AD	DATE 12/19/03	

POLICY INFORMATION

POLICY #			
GL90601617			
TYPE		EFFECTIVE	EXPIRATION
GL		12/05/03	12/05/04

Penn National Insurance
Central Scanning Unit
P. O. Box 3464
Harrisburg, PA 17105

CUSTOMER: JJA Framing Company
Jose Castillo

Agency Code: 22-6798 **Re: Endorsement Request**

Attn: Joyce Bryant, Commercial Underwriting

Please add a General Liability Additional Insured Form, CG2037 10/01 in favor of the following:

Pasquinelli Construction Co.,
Pasquinelli Management, LLC &
Portrait Homes Construction Company
7410 Northside Dr., Suite 107
Charleston, SC 29420

Thanks!

Alicia Brown
Alicia Brown

Exhibit 15 Pg3

PLAINTIFF'S EXHIBIT 16

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105-2361

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS

ENDORSEMENT NUMBER 01 EFFECTIVE DATE 12/05/03

NON-ASSESSABLE

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/03	12/05/04	PA NATIONAL MUTUAL CAS INS CO	0006751	25

NAMED INSURED AND ADDRESS	AGENCY
JJA FRAMING COMPANY CASTILLO JOSE DBA 3000 COLVARD PARKWAY CHARLOTTE NC 28269	W LEE TAYLOR AGY-C PO BOX 30609 CHARLESTON SC 29417

It is agreed that this policy is hereby amended as indicated below:

PREMISES NO. 1 : 3000 COLVARD PKWY
CHARLOTTE MECKLENBURG 28269

THE FOLLOWING ADDITIONAL INSURED IS ADDED:

ADDITIONAL INTERESTS - OWNERS OR LESSEES OR CONTRACTORS, BUT ONLY AS RESPECTS LIABILITY FOR OPERATIONS PERFORMED BY OR ON BEHALF OF THE INSURED CONTRACTOR OR SUBCONTRACTOR

NEW ANNUAL PREMIUM: $2,933.00

TOTAL PREMIUM THIS ENDORSEMENT

ADDITIONAL PREMIUM
$750.00

THIS ENDORSEMENT IS SUBJECT TO THE DECLARATIONS, CONDITIONS AND OTHER TERMS OF THE POLICY WHICH ARE NOT INCONSISTENT HEREWITH AND WHEN COUNTERSIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY, FORMS A PART OF THE POLICY DESCRIBED HEREIN.

PRO-RATA PERCENTAGE 100.0%

SIGNATURE OF AUTHORIZED REPRESENTATIVE _____

FORM 71-0050 (Ed. 03/91) BRANCH ISSUED 01/30/04

POLICY SCHEDULE OF NAMES AND ADDRESSES AMENDMENT

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/03	12/05/04	PA NATIONAL MUTUAL CAS INS CO	0006751	25

THE FOLLOWING ARE INSUREDS ON THIS POLICY

COMMERCIAL GENERAL LIABILITY NAMES AND ADDRESSES

THE FOLLOWING IS ADDED:

PREMISES NO.: 1

PASQUINELLI CONSTRUCTION CO
PASQUINELLI MANAGEMENT LLC &
4411-101 WEST MARKET STREET
GREENSBORO NC 27407

OWNERS, LESSEES OR CONTRACTORS
SEE CG2037

THE FOLLOWING IS ADDED:

PREMISES NO.: 1

PASQUINELLI CONSTRUCTION CO
PASQUINELLI MANAGEMENT LLC &
9105-120 MONROE ROAD
CHARLOTTE NC 28270

OWNERS, LESSEES OR CONTRACTORS
SEE CG2037

THE FOLLOWING IS ADDED:

PREMISES NO.: 1

PASQUINELLI CONSTRUCTION CO
PASQUINELLI MANAGEMENT LLC &
7410 NORTHSIDE DR SUITE 107
CHARLESTON SC 29420

OWNERS, LESSEES OR CONTRACTORS
SEE CG2037

Exhibit 16 Pg2

PAGE: 1 DATE: 01/30/04

POLICY PREMIUM RECAP SHEET

POLICY NUMBER : GL9 0601617 01 01
EFFECTIVE DATE : 12/05/03
EXPIRATION DATE: 12/05/04

INSURED : JJA FRAMING COMPANY
CASTILLO JOSE DBA
3000 COLVARD PARKWAY
CHARLOTTE NC

COMP : PA NATIONAL MUTUAL CAS INS CO AGENT : W LEE TAYLOR AGY-C

COMPANY LINE : CASUALTY/COMMERCIAL GENERAL LIABILITY - MONOLINE

POLICY PREMIUM TOTALS

TOTAL GENERAL LIABILITY PREMIUM.....$2,933.00

TOTAL POLICY PREMIUM.....$2,933.00

Exhibit 16 Pg3

PAGE: 1 DATE: 01/30/04

POLICY PREMIUM RECAP SHEET

POLICY NUMBER : GL9 0601617 01 01
EFFECTIVE DATE : 12/05/03
EXPIRATION DATE: 12/05/04

INSURED : JJA FRAMING COMPANY
CASTILLO JOSE DBA
3000 COLVARD PARKWAY
CHARLOTTE NC

COMP : PA NATIONAL MUTUAL CAS INS CO AGENT : W LEE TAYLOR AGY-C

COMPANY LINE : CASUALTY/COMMERCIAL GENERAL LIABILITY - MONOLINE

POLICY PREMIUM TOTALS

TOTAL GENERAL LIABILITY PREMIUM.....$2,933.00

TOTAL POLICY PREMIUM.....$2,933.00

Exhibit 16 Pg4

DATE: 01/30/04 PAGE: 1

GENERAL LIABILITY ENDORSEMENT WORKSHEET

POLICY NUMBER : GL9 0601617 01 INSURED : JJA FRAMING COMPANY
COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 GEN AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
AI : ADDITIONAL INTERESTS - OWNERS OR LESSEES OR CONTRACTORS, BUT AI SEQ: 2
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL

	(EXPER + SCHED - 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000 1.120	1.000	1.000	1.000	1.000*	1.120

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF - DED) =
PREMOP	250.000*	1.000		1.00000	1.000*

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE =
PREMOP	412.500	1.120	1.000	1.000*	1.00000	250.000*	1

	DEP PREM	PREMIUM
	$250*	$250*

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

* INDICATES MANUAL OVERRIDE

Exhibit 16 Pg5

DATE: 01/30/04 PAGE: 2

GENERAL LIABILITY ENDORSEMENT WORKSHEET

POLICY NUMBER : GL9 0601617 01 INSURED : JJA FRAMING COMPANY
COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 GEN AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
AI : ADDITIONAL INTERESTS - OWNERS OR LESSEES OR CONTRACTORS, BUT AI SEQ: 3
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL

	(EXPER + SCHED - 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000 1.120	1.000	1.000	1.000	1.000*	1.120

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF - DED) =
PREMOP	250.000*	1.000		1.00000	1.000*

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE =
PREMOP	412.500	1.120	1.000	1.000*	1.00000	250.000*	1

	DEP PREM	PREMIUM
	$250*	$250*

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

* INDICATES MANUAL OVERRIDE

Exhibit 16 Pg6

DATE: 01/30/04 PAGE: 3

GENERAL LIABILITY ENDORSEMENT WORKSHEET

POLICY NUMBER : GL9 0801817 01 INSURED : JJA FRAMING COMPANY
COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 GEN AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
AI : ADDITIONAL INTERESTS - OWNERS OR LESSEES OR CONTRACTORS, BUT AI SEQ: 4
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL

	(EXPER + SCHED - 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000 1.120	1.000	1.000	1.000	1.000*	1.120

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF - DED) =
PREMOP	250.000*	1.000		1.00000	1.000*

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE =
PREMOP	412.500	1.120	1.000	1.000*	1.00000	250.000*	1

	DEP PREM	PREMIUM
	$250*	$250*

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

* INDICATES MANUAL OVERRIDE

Exhibit 16 Pg7

COMMERCIAL GENERAL LIABILITY
CG 20 37 1001

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization:
PASQUINELLI CONSTRUCTION CO PASQUINELLI MANAGEMENT LLC & PORTRAIT HOMES CONSTRUCTION COMPANY 4411-101 WEST MARKET STREET GREENSBORO NC 27407
Location And Description of Completed Operations:
3000 COLVARD PKWY CHARLOTTE MECKLENBURG NC 28269
Additional Premium:
INCL

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Section II - Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products - completed operations hazard".

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COMMERCIAL GENERAL LIABILITY
CG 20 37 1001

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization: PASQUINELLI CONSTRUCTION CO PASQUINELLI MANAGEMENT LLC & PORTRAIT HOMES CONSTRUCTION COMPANY 9105-120 MONROE ROAD
Location And Description of Completed Operations: 3000 COLVARD PKWY CHARLOTTE MECKLENBURG NC 28269
Additional Premium: INCL

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Section II - Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products - completed operations hazard".

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COMMERCIAL GENERAL LIABILITY
CG 20 37 1001

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization:
PASQUINELLI CONSTRUCTION CO PASQUINELLI MANAGEMENT LLC & PORTRAIT HOMES CONSTRUCTION COMPANY 7410 NORTHSIDE DR SUITE 107
Location And Description of Completed Operations:
3000 COLVARD PKWY CHARLOTTE MECKLENBURG NC 28269
Additional Premium:
INCL

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Section II - Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products - completed operations hazard".

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PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
P.O. Box 2361 Harrisburg, PA 17105-2361

A Certified true and exact copy of policy number GL9060161 7

(name)

(official title)

THIS POLICY JACKET WITH THE INFORMATION PAGE, POLICY, FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THIS POLICY.

71 0477 05 93

000070

PLAINTIFF'S EXHIBIT 17

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS
OCCURRENCE POLICY
RENEWAL OF GL9 0601617

NON-ASSESSABLE **THIS POLICY IS SUBJECT TO A GENERAL AGGREGATE LIMIT**

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/04	12/05/05	PA NATIONAL MUTUAL CAS INS CO	0006751	25

NAMED INSURED AND ADDRESS	AGENCY
JJA FRAMING COMPANY CASTILLO JOSE DBA 3000 COLVARD PARKWAY CHARLOTTE NC 28269	W LEE TAYLOR AGY-C PO BOX 30609 CHARLESTON SC 29417

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.
FORM OF BUSINESS: INDIVIDUAL BUSINESS DESCRIPTION: CARPENTRY

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

LIMITS OF INSURANCE

General Aggregate Limit (Other than products – completed operations)	$	1,000,000
Products – Completed Operations Aggregate Limit	$	1,000,000
Personal and Advertising Injury Limit – Any one person or organization	$	500,000
Each Occurrence Limit	$	500,000
Damage to Premises Rented to you Limit – Any one premises	$	100,000
Medical Expense Limit – Any one person	$	5,000

PREMIUM INFORMATION

PREMISES NO. 1 : 3000 COLVARD PKWY
CHARLOTTE MECKLENBURG 28269

CODE	PREMIUM BASIS	PER	RATES PREMS/OPS	RATES PRODUCTS	ADVANCE PREMIUM PREMS/OPS	ADVANCE PREMIUM PRODUCTS
91340	85,000 PAYROLL	1000	VARIOUS	VARIOUS	INCLUDED	INCLUDED

CARPENTRY - CONSTRUCTION OF RESIDENTIAL PROPERTY NOT EXCEEDING THREE STORIES IN HEIGHT

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART $2,150.00

FORMS APPLICABLE TO THIS COVERAGE PART:

SEE ATTACHED FORMS SCHEDULE, FORM 71-1084

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	PENNSYLVANIA	UND. TEAM
3	2	99		N	022

COUNTERSIGNED BY: _____
Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

71 0029 0500 BRANCH ISSUED 10/14/04

Exhibit 17 Pg2

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105-2361

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS

ENDORSEMENT NUMBER 01 EFFECTIVE DATE 03/02/05

NON-ASSESSABLE

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/04	12/05/05	PA NATIONAL MUTUAL CAS INS CO	0006751	25

NAMED INSURED AND ADDRESS	AGENCY
JJA CONSTRUCTION INC 11227 EAST FIELD RD HENDERSONVILLE NC 28078	W LEE TAYLOR AGY-C PO BOX 30609 CHARLESTON SC 29417

It is agreed that this policy is hereby amended as indicated below:

THE NAMED INSURED AND/OR MAILING ADDRESS IS CHANGED.

NEW ANNUAL PREMIUM: $2,158.00

TOTAL PREMIUM THIS ENDORSEMENT

ADDITIONAL PREMIUM
$0.00

THIS ENDORSEMENT IS SUBJECT TO THE DECLARATIONS, CONDITIONS AND OTHER TERMS OF THE POLICY WHICH ARE NOT INCONSISTENT HEREWITH AND WHEN COUNTERSIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY, FORMS A PART OF THE POLICY DESCRIBED HEREIN.

PRO-RATA PERCENTAGE: 76.2%

SIGNATURE OF AUTHORIZED REPRESENTATIVE _____

FORM 71-0050 (Ed. 03/91) ISSUED 04/06/05

Exhibit 17 Pg3

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization: PASQUINELLI CONSTRUCTION CO PASQUINELLI MANAGEMENT LLC & PORTRAIT HOMES CONSTRUCTION COMPANY 4411-101 WEST MARKET STREET GREENSBORO NC 27407
Location And Description of Completed Operations: 3000 COLVARD PKWY CHARLOTTE MECKLENBURG NC 28269
Additional Premium: INCL

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Section II - Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products - completed operations hazard".

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PAGE: 1 DATE: 10/14/04

POLICY PREMIUM RECAP SHEET

POLICY NUMBER : GL9 0601617 02 01
EFFECTIVE DATE : 12/05/04
EXPIRATION DATE: 12/05/05

INSURED : JJA FRAMING COMPANY
CASTILLO JOSE DBA
3000 COLVARD PARKWAY
CHARLOTTE NC

COMP : PA NATIONAL MUTUAL CAS INS CO AGENT : W LEE TAYLOR AGY-C

COMPANY LINE : CASUALTY/COMMERCIAL GENERAL LIABILITY - MONOLINE

POLICY PREMIUM TOTALS

TOTAL GENERAL LIABILITY PREMIUM.....$2,158.00

TOTAL POLICY PREMIUM.....$2,158.00

DATE: 10/14/04 PAGE: 1

GENERAL LIABILITY RENEWAL WORKSHEET

POLICY NUMBER : GL9 0801617 02 INSURED : JJA FRAMING COMPANY
EFFECTIVE DATE : 12/05/04 AGENT : W LEE TAYLOR AGY-C
EXPIRATION DATE: 12/05/05 COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 GEN AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL
DEDUCTIBLES : PD : 500

	(EXPER + SCHED - 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000 1.250	1.000	1.000	1.000	1.000	1.250

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF - DED)	=
PREMOP	7.050	1.000		1.00000	1.310 0.011	

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE	=
PREMOP	15.111	1.250	1.000		1.00000	18.888*	65000	

	DEP PREM	PREMIUM
	$1,228	$1,228

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

* INDICATES MANUAL OVERRIDE

Exhibit 17 Pg6

DATE: 10/14/04 PAGE: 2

GENERAL LIABILITY RENEWAL WORKSHEET

POLICY NUMBER : GL9 0601617 02 INSURED : JJA FRAMING COMPANY
COMPANY : PA NATIONAL MUTUAL CAS INS CO
LOCATION NUMBER: 0001 STATE : NORTH CAROLINA

OCCURRENCE : 500,000 PROD AGG : 1,000,000
CLASS CODE (ID): 91340(2B) TERR: 999 PMA CODE: C OCC/CLAIMS : OCCURRENCE
CLASS DESCRIPT : CARPENTRY - CNSTRCTION OF RES. PROP. NOT
EXPOSURE BASIS : PAYROLL
DEDUCTIBLES : PD : 500

	(EXPER + SCHED - 1.000)	X EXPENS	X OTHER	X COM RED	X PKG MOD	= RMF
	1.000 1.250	1.000	1.000	1.000	1.000	1.250

	RATE	X CO DEV	X CLMS MD	X COV CHG - X,C,U	X (ILF - DED) =
PRODCO	4.810	1.000			1.450 0.008

	RT AT/LM	X RMF	X TERM	X AI	X TRANS	= MOD RT	X EXPOSURE =
PRODCO	11.444	1.250	1.000		1.00000	14.306*	65000

	DEP PREM	PREMIUM
	$930	$930

* THE MODIFIED RATE INCLUDES LOSS COST MULTIPLIER OF: 1.650

ADDL FOR MIN PREM : $0 PREMOP TOTAL SUBLINE PREM: $1,228
ADDL FOR MIN PREM : $0 PRODCO TOTAL SUBLINE PREM: $930

* INDICATES MANUAL OVERRIDE

Exhibit 17 Pg7

PA NATIONAL MUTUAL CAS INS CO

COMMERCIAL GENERAL LIABILITY POLICY FORMS INVENTORY

POLICY NUMBER GL9 0601617 02 RENEWAL OF GL9 0601617 01
AMENDMENT OF POLICY EFFECTIVE: MAR. 02, 2005

NAMED INSURED: JJA CONSTRUCTION INC

POLICY PERIOD: 12/05/04 TO 12/05/05

THE FOLLOWING FORMS HAVE BEEN ADDED TO THE POLICY.

** NO FORMS GENERATED **

FORM NO. FORMSINV 1/86 ISSUED 04/06/05

Exhibit 17 Pg8

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105-2361

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS

ENDORSEMENT NUMBER 01 EFFECTIVE DATE 03/02/05

NON-ASSESSABLE

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/04	12/05/05	PA NATIONAL MUTUAL CAS INS CO	0006751	25

NAMED INSURED AND ADDRESS	AGENCY
JJA CONSTRUCTION INC 11227 EAST FIELD RD HENDERSONVILLE NC 28078	W LEE TAYLOR AGY-C PO BOX 30809 CHARLESTON SC 29417

It is agreed that this policy is hereby amended as indicated below:

THE NAMED INSURED AND/OR MAILING ADDRESS IS CHANGED.

NEW ANNUAL PREMIUM: $2,158.00

TOTAL PREMIUM THIS ENDORSEMENT

ADDITIONAL PREMIUM
$0.00

THIS ENDORSEMENT IS SUBJECT TO THE DECLARATIONS, CONDITIONS AND OTHER TERMS OF THE POLICY WHICH ARE NOT INCONSISTENT HEREWITH AND WHEN COUNTERSIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY, FORMS A PART OF THE POLICY DESCRIBED HEREIN.

PRO-RATA PERCENTAGE: 76.2%

SIGNATURE OF AUTHORIZED REPRESENTATIVE _____

FORM 71-0050 (Ed. 03/91) ISSUED 04/06/05

000078

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/04	12/05/05	PA NATIONAL MUTUAL CAS INS CO	0006751	25

FORMS SCHEDULE

GENERAL LIABILITY FORMS:

710477	05/93	710576	05/94	710442	07/96	IL0017	11/98
IL0269	07/02	IL0021	07/02	CG0300	01/96	CG2167	04/02
710939	06/01	710741	01/02	CG0001	10/01	CG2150	09/89
710543	05/00	710546	01/94	710680	07/02	CG2147	07/98
CG2161	04/98	710988	07/02	711043	01/03	710189	01/03
711061	02/03	CG2170	11/02	CG0062	12/02	CG2176	11/02
711106	01/04						

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

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

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
   a. Make inspections and surveys at any time;
   b. Give you reports on the conditions we find; and
   c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
   a. Are safe or healthful; or
   b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statues, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

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Exhibit 17 Pg11

INTERLINE
IL 02 69 0702

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. **Cancellation Requirements**

a. **Policies In Effect Less Than 60 Days**

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

(1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. **Policies In Effect More Than 60 Days**

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

(1) Expiration of the policy term; or

(2) Anniversary date,

stated in the policy only for one or more of the following reasons:

(a) Nonpayment of premium;

(b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;

(c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;

(d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;

(e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;

(f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;

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Exhibit 17 Pg12

(g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;

(h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;

(i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or

(j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

(i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(ii) 30 days before the effective date of cancellation if we cancel for any other reason.

c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.

d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

B. The following provisions are added and supersede any other provisions to the contrary:

1. Nonrenewal

a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:

(1) Expiration of the policy if this policy has been written for one year or less; or

(2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.

b. We need not mail or deliver the notice of nonrenewal if you have:

(1) Insured property covered under this policy, under any other insurance policy;

(2) Accepted replacement coverage; or

(3) Requested or agreed to nonrenewal of this policy.

c. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. The written notice of cancellation or nonrenewal will:

a. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and

b. State the reason or reasons for cancellation or nonrenewal.

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INTERLINE
IL 00 21 0702

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

   A. Under any Liability Coverage, to "bodily injury" or "property damage":

      (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

      (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

   B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

   C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

      (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;

      (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or

      (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

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Exhibit 17 Pg14

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material" and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage	Amount and Basis of Deductible PER CLAIM	or	PER OCCURRENCE
Bodily Injury Liability	$		$
OR			
Property Damage Liability	$		$ 500
OR			
Bodily Injury Liability and/or Property Damage Liability Combined	$		$

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

A. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.

B. You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:

1. **PER CLAIM BASIS.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:
   a. Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";
   b. Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or
   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:
      (1) "Bodily injury";
      (2) "Property damage"; or
      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence".

   If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.

   With respect to "property damage", person includes an organization.

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Exhibit 17 Pg16

2. **PER OCCURRENCE BASIS.** If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:

   a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";

   b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or

   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:

      (1) "Bodily injury";

      (2) "Property damage"; or

      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

C. The terms of this insurance, including those with respect to:

   1. Our right and duty to defend the insured against any "suits" seeking those damages; and

   2. Your duties in the event of an "occurrence", claim, or "suit"

   apply irrespective of the application of the deductible amount.

D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

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Exhibit 17 Pg17

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.

b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

C. The following definition is added to the Definitions Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

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PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EXTERIOR INSULATION AND FINISH SYSTEMS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

This insurance does not apply to:

I. "Bodily injury" or "property damage" included in the "products-completed operations hazard" and arising out of "your work" caused by the actual or alleged:

A. Design, construction, fabrication, preparation, installation, application, maintenance or repair, including remodeling, service, correction, or replacement, of an exterior insulation and finish system (commonly referred to as synthetic stucco) or any part or portion thereof, or any substantially similar system which resists water penetration at its outer surface.

B. Any work or operations with respect to any exterior component, fixture or feature of any structure if an exterior insulation and finish system, or substantially similar systems are used on any part or portion of that structure.

Exhibit 17 Pg19

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following provision is added to WHO IS AN INSURED (Section II):

5. Any person(s) or organizations(s) (referred to below as "additional insured") with whom you are required in a written contract or agreement to name as an additional insured but only for "your" acts or omissions arising from "your" ongoing operations at the location or project described in the contract or agreement.

   The insurance provided to the additional insured does not apply to "bodily injury", "property damage", "personal and advertising injury":

   a. Arising out of any act or omission of the additional insured(s) or any of their "employees", including supervision of "your work" or the work of any other person or organization.

   b. Occurring after that portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

   c. Arising out of an architect's, engineer's, or surveyor's rendering of or failure to render any professional services including:

      (1) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

      (2) Supervisory, inspection or engineering services.

   These exclusions apply in addition to those contained in the Coverage Part.

   The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

   This coverage does not apply to any person(s) or organization(s) specifically named as additional insured in any policy issued by "us".

Exhibit 17 Pg20

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II - Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V - Definitions.

SECTION I - COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

   a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

      (1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and

      (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

      No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

   b. This insurance applies to "bodily injury" and "property damage" only if:

      (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

      (2) The "bodily injury" or "property damage" occurs during the policy period; and

      (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II - Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

   c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

   d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

      (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

      (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

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(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

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f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

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(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. **Aircraft, Auto Or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. **Mobile Equipment**

"Bodily injury" or "property damage" arising out of:

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. **War**

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. **Damage To Property**

"Property damage" to:

(1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

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(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A seperate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) "Your product";

(2) "Your work"; or

(3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III - Limits Of Insurance.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

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No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods - Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

(1) Advertising, broadcasting, publishing or telecasting;

(2) Designing or determining content of websites for others; or

(3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-Related

Any loss, cost or expense arising out of any:

(1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

COVERAGE C MEDICAL PAYMENTS

1. Insuring Agreement

   a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

      (1) On premises you own or rent;

      (2) On ways next to premises you own or rent; or

      (3) Because of your operations;

      provided that:

      (1) The accident takes place in the "coverage territory" and during the policy period;

      (2) The expenses are incurred and reported to us within one year of the date of the accident; and

      (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

   b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

      (1) First aid administered at the time of an accident;

      (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and

      (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

   We will not pay expenses for "bodily injury":

   a. Any insured

      To any insured, except "volunteer workers".

   b. Hired Person

      To a person hired to do work for or on behalf of any insured or a tenant of any insured.

   c. Injury On Normally Occupied Premises

      To a person injured on that part of premises you own or rent that the person normally occupies.

   d. Workers Compensation And Similar Laws

      To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

   e. Athletics Activities

      To a person injured while taking part in athletics.

   f. Products-Completed Operations Hazard

      Included within the "products-completed operations hazard".

   g. Coverage A Exclusions

      Excluded under Coverage A.

   h. War

      Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

   a. All expenses we incur.

   b. Up to $250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

   c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

   d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $250 a day because of time off from work.

   e. All costs taxed against the insured in the "suit".

   f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

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g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

b. This insurance applies to such liability assumed by the insured;

c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

(a) Cooperate with us in the investigation, settlement or defense of the "suit";

(b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

(c) Notify any other insurer whose coverage is available to the indemnitee; and

(d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

(a) Obtain records and other information related to the "suit"; and

(b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I - Coverage A - Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or

b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II - WHO IS AN INSURED

1. If you are designated in the Declarations as:

a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.

b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.

c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.

d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

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2. Each of the following is also an insured:
   a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
      (1) "Bodily injury" or "personal and advertising injury":
         (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
         (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
         (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
         (d) Arising out of his or her providing or failing to provide professional health care services.
      (2) "Property damage" to property:
         (a) Owned, occupied or used by,
         (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

         you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
   b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
   c. Any person or organization having proper temporary custody of your property if you die, but only:
      (1) With respect to liability arising out of the maintenance or use of that property; and
      (2) Until your legal representative has been appointed.
   d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
   a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
   b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
   a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
   b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
   c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

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SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
   a. Insureds;
   b. Claims made or "suits" brought; or
   c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
   a. Medical expenses under Coverage C;
   b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
   c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
   a. Damages under Coverage A; and
   b. Medical expenses under Coverage C

   because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

1. **Bankruptcy**

   Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. **Duties In The Event Of Occurrence, Offense, Claim Or Suit**
   a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
      (1) How, when and where the "occurrence" or offense took place;
      (2) The names and addresses of any injured persons and witnesses; and
      (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
   b. If a claim is made or "suit" is brought against any insured, you must:
      (1) Immediately record the specifics of the claim or "suit" and the date received; and
      (2) Notify us as soon as practicable.

      You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
   c. You and any other involved insured must:
      (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
      (2) Authorize us to obtain records and other information;
      (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

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(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over:

(1) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section I - Coverage A - Bodily Injury And Property Damage Liability.

(2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

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If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

   a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

   b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

   c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

   By accepting this policy, you agree:

   a. The statements in the Declarations are accurate and complete;

   b. Those statements are based upon representations you made to us; and

   c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

   Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

   a. As if each Named Insured were the only Named Insured; and

   b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

   If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

   If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

   If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

   a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

   b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "Coverage territory" means:

   a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

   b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above; or

   c. All other parts of the world if the injury or damage arises out of:

      (1) Goods or products made or sold by you in the territory described in a. above;

      (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or

      (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication

   provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.

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5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
   a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
   b. You have failed to fulfill the terms of a contract or agreement;

   if such property can be restored to use by:
   a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
   b. Your fulfilling the terms of the contract or agreement.
9. "Insured contract" means:
   a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
   b. A sidetrack agreement;
   c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
   d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
   e. An elevator maintenance agreement;
   f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

   Paragraph f. does not include that part of any contract or agreement:
   (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
   (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
      (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
      (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
   (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.
10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
11. "Loading or unloading" means the handling of property:
    a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
    b. While it is in or on an aircraft, watercraft or "auto"; or
    c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

    but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".
12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

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a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

f. The use of another's advertising idea in your "advertisement"; or

g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

(a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

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b. Does not include "bodily injury" or "property damage" arising out of:

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;

(2) The existence of tools, uninstalled equipment or abandoned or unused materials; or

(3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and

(2) The providing of or failure to provide warnings or instructions.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF LIQUOR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion c. of COVERAGE A (Section I) is replaced by the following:

c. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you:

(1) Manufacture, sell or distribute alcoholic beverages;

(2) Serve or furnish alcoholic beverages for a charge whether or not such activity:

(a) Requires a license;

(b) Is for the purpose of financial gain or livelihood; or

(3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

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PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM.
COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY
COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY
COVERAGE C. MEDICAL PAYMENTS

EXCLUSION - LEAD CONTAMINATION

This insurance does not apply to:

1. "Bodily Injury", "medical payments", "property damage", or "personal and advertising injury" which would not have ocurred in whole or part but for the actual, alleged, or threatened ingestion, inhalation, absorption, dispersal, disposal, seepage, migration, release, or escape of lead in any form at any time.

2. Any loss, cost, or expense arising out of any:
   a. request, demand, or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to or assess the effects of lead; or
   b. claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to, or assessing the effects of lead.

Exhibit 17 Pg37

PENN NATIONAL
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P.O. Box 2361
Harrisburg, PA 17105-2361

NOTICE TO INSURED - PLEASE READ YOUR POLICY CAREFULLY

Your policy contains an exclusion for lead contamination in any form at any time. Refer to endorsement 71-0543, Exclusion - Lead Contamination.

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Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTENDED COVERAGE ENDORSEMENT GENERAL LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

I. **Amendment - Aggregate Limits of Insurance**

The General Aggregate Limit under the LIMITS OF INSURANCE (Section III) applies separately to each of your:

a. Projects away from premises owned by or rented to you;

b. "Locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

II. **Bodily Injury Redefined**

The definition of "bodily injury" in DEFINITIONS (Section V) is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by a person including mental anguish or death resulting from any of these.

III. **Mobile Equipment Redefined**

Paragraph 12.f. subparagraph (1) of DEFINITIONS (Section V) does not apply to self-propelled vehicles of less than 1000 pounds gross vehicle weight.

IV. **Broad Form Named Insured**

a. WHO IS AN INSURED (Section II) is amended to include as an insured any organization or subsidiary thereof, other than a partnership, joint venture, or limited liability corporation, which is a legally incorporated entity of which you own a financial interest of more than 50 percent of the voting stock on the effective date of this endorsement.

b. Paragraph IV.a. does not apply to injury or damage with respect to which an insured under this policy is also an insured under another policy or would be an insured under such policy but for its termination or upon the exhaustion of its limits of insurance.

c. Paragraph IV.b. does not apply to a policy written to apply specifically in excess of this policy.

V. **Newly Formed or Acquired Organizations**

In paragraph 4.a. of WHO IS AN INSURED (Section II), 90th day is changed to 180th day.

VI. **Incidental Malpractice Liability - Nurse, EMT, or Paramedic**

Paragraph 2.a.(1)(d) of WHO IS AN INSURED (Section II) is deleted and replaced by: Arising out of his or her providing or failing to provide professional health care services. However, if you have "employees" who are a nurse, emergency medical technician or paramedic, they are an insured with respect to their providing or failing to provide professional health care services to your "employees".

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VII. Duties in the Event of Occurrence, Claim or Suit Redefined

a. The requirement in Condition 2.a. of CONDITIONS (Section IV) that you must see to it that we are notified of an "occurrence" only applies when the "occurrence" or offense is known to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

b. The requirement in Condition 2.b. of CONDITIONS (Section IV) that you must see to it that we receive notice of a claim or "suit" will not be considered breached unless the breach occurs after such claim or "suit" is know to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

VIII. Unintentional Errors or Omissions

We will not deny coverage under this Coverage Part because of the unintentional omission of, or unintentional error in, any information provided by you. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

IX. Non-Owned Watercraft

a. Exclusion g. Paragraph (2) of COVERAGE A (Section I) is deleted and replaced by the following:

(2) A watercraft you do not own that is:

(a) Less than 51 feet long; and

(b) Not being used to carry persons or property for a charge;

b. Paragraph IX.a. above applies to any person who, with your expressed or implied consent, either uses or is responsible for the use of a watercraft.

c. Paragraphs IX.a. and IX.b. above do not apply if the insured has any other insurance for "bodily injury" or "property damage" liability that would also apply to loss covered under this provision, whether the other insurance is primary, excess, contingent or on any other basis. In that case, this Provision IX does not provide any insurance.

d. Paragraph IX.c. above does not apply to a policy written to apply specifically in excess of this policy.

X. Supplementary Payments Increased Limits

In the SUPPLEMENTARY PAYMENTS - COVERAGE A and B (Section I) provision:

a. The limit for the cost of bail bonds is changed from $250 to $2000.

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EMPLOYMENT - RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2., Exclusions** of **Section I - Coverage A - Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

B. The following exclusion is added to Paragraph **2., Exclusions** of **Section I - Coverage B - Personal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS - PRODUCTS/COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., **Exclusions of Section I - Bodily Injury And Property Damage Liability:**

2. **Exclusions**

This insurance does not apply to "bodily injury" or "property damage" included in the "products-completed operations hazard" definition and arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

(a) Computer hardware, including microprocessors;

(b) Computer application software;

(c) Computer operating systems and related software;

(d) Computer networks;

(e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.

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PENN NATIONAL
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Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

NOTICE TO INSURED - PLEASE READ YOUR POLICY CAREFULLY

This notice applies to insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Your policy has been changed. The definition of "property damage" in your policy has been revised. Electronic data is not considered tangible property, therefore, there is no coverage for its loss nor any loss of use relating to the loss of data. Please refer to the definition of "property damage" contained in your policy (Form – CG 0001 10/01, Page 15 of 16) for further clarification.

Your policy has been changed to exclude coverage for "personal and advertising injury" for web site designers, internet search, access and service providers (with an exception for the mere placing of links, frames or borders), electronic chat rooms or bulletin boards, and unauthorized use of another's name or product in your e-mail address, domain name or metatag or any other similar tactics to mislead another's potential customers. Please refer to Coverage B-Personal and Advertising Injury Liability (Form CG0001 10/01, page 5 of 16 to 7 of 16).

Your policy has been changed to clarify that expenses incurred for repairs made on the insured's own property for any reason, including to avoid injury to a third party, will not be covered. Refer to your policy (Form CG 0001 10/01, page 4 of 16, paragraph J(1) – Damage to Property) for further clarification.

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NOTICE TO POLICYHOLDERS-CERTAIN COVERAGE IN THIS POLICY HAS BEEN ELIMINATED OR REDUCED

This notice applies to insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Please read your policy, and the endorsements attached to your policy, carefully.

710188 0103 (PA); 710189 0103(NC);710948 0103- ASBESTOS ENDORSEMENT (EXCLUSION)

When any combination of these endorsements (exclusions) are attached to your policy:

Coverage will not apply for any liability arising out of the inhalation, ingestion, prolonged physical exposure, use, removal, manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos.

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

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Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

ASBESTOS ENDORSEMENT (EXCLUSION) NORTH CAROLINA

In consideration of the premium paid and notwithstanding anything contained in this policy to the contrary, it is agreed as follows:

The coverage afforded by this policy does not apply to "bodily injury", "personal and advertising injury" or "property damage" arising out of:

1) Inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos; or

2) The use of asbestos in constructing or manufacturing any good, product or structure; or

3) The removal of asbestos from any good, product or structure; or

4) The manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos.

This coverage afforded by the policy does not apply to payment for the investigation or defense of any loss, injury or damage or any cost, fine or penalty or for any expense or claim or suit related to any of the above.

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT OF 2002. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

NOTICE - DISCLOSURE OF TERRORISM INSURANCE COVERAGE PREMIUM

The Terrorism Risk Insurance Act of 2002 establishes a program within the Department of the Treasury under which the federal government shares with the insurance industry the risk of loss from future terrorist attacks. The Act applies when the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States, certifies that an event meets the definition of an act of terrorism. The Act provides that, to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest to coerce the government or population of the United States.

In accordance with the federal Terrorism Risk Insurance Act of 2002 we are required to offer you coverage for losses resulting from certified acts of terrorism. The policy's other provisions will still apply to any such act.

DISCLOSURE OF PREMIUM

The portion of your annual premium that is attributable to coverage for acts of terrorism is $ 0.00.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

Under Federal Law, you have thirty (30) days to consider this offer of coverage for terrorist acts.

You may choose to reject the offer by signing the enclosed statement and returning it to us and your policy will be written to exclude the described coverage to the extent permissible by statute in your state.

Commercial Umbrella Policies Only

If you choose to accept this offer of coverage for certified acts of terrorism, coverage provided under your Commercial Umbrella Policy will be excess over any underlying policy limits regardless of whether you have accepted or rejected coverage on those policies for certified acts of terrorism.

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

Effective November 26, 2002, under your existing coverage, any losses caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States Government, Department of the Treasury pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

REJECTION OF TERRORISM INSURANCE COVERAGE

I hereby reject the offer of terrorism coverage. I understand that an exclusion of certain terrorism losses will be made part of this Coverage Part/Policy.

Policyholder Signature	Print Name
Date	Policy Number

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

With respect to any one or more "certified acts of terrorism", we will not pay any amounts for which we are not responsible under the terms of the federal Terrorism Risk Insurance Act of 2002 (including subsequent acts of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

"Certified act of terrorism" means an 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 pursuant to the federal Terrorism Risk Insurance Act of 2002. The federal Terrorism Risk Insurance Act of 2002 sets forth the following criteria for a "certified act of terrorism":

1. The act resulted in aggregate losses in excess of $5 million; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, 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.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Exclusion i. under Paragraph **2., Exclusions** of **Section I - Coverage A - Bodily Injury And Property Damage Liability** is replaced by the following:

2. Exclusions

This insurance does not apply to:

i. **War**

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

(1) War, including undeclared or civil war; or

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

B. The following exclusion is added to Paragraph **2., Exclusions** of **Section I - Coverage B - Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

WAR

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

a. War, including undeclared or civil war; or

b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

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

C. Exclusion **h.** under Paragraph **2., Exclusions** of **Section I - Coverage C - Medical Payments** does not apply. Medical payments due to war are now subject to Exclusion g. of Paragraph **2., Exclusions** of **Section I - Coverage C - Medical Payments** since "bodily injury" arising out of war is now excluded under Coverage **A.**

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Exhibit 17 Pg49

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM PUNITIVE DAMAGES

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

B. The following definition is added:

"Certified act of terrorism" means an 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 pursuant to the federal Terrorism Risk Insurance Act of 2002. The federal Terrorism Risk Insurance Act of 2002 sets forth the following criteria for a "certified act of terrorism":

1. The act resulted in aggregate losses in excess of $5 million; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, 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.

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PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

ATTACHED IS FORM 71 1061 0203

NOTICE - DISCLOSURE OF

TERRORISM INSURANCE COVERAGE

PREMIUM

PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT OF 2002. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

NOTICE - DISCLOSURE OF TERRORISM INSURANCE COVERAGE PREMIUM

The Terrorism Risk Insurance Act of 2002 establishes a program within the Department of the Treasury under which the federal government shares with the insurance industry the risk of loss from future terrorist attacks. The Act applies when the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States, certifies that an event meets the definition of an act of terrorism. The Act provides that, to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest to coerce the government or population of the United States.

In accordance with the federal Terrorism Risk Insurance Act of 2002 we are required to offer you coverage for losses resulting from certified acts of terrorism. The policy's other provisions will still apply to any such act.

DISCLOSURE OF PREMIUM

The portion of your annual premium that is attributable to coverage for acts of terrorism is $ 0.00.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

Under Federal Law, you have thirty (30) days to consider this offer of coverage for terrorist acts.

You may choose to reject the offer by signing the enclosed statement and returning it to us and your policy will be written to exclude the described coverage to the extent permissible by statute in your state.

Commercial Umbrella Policies Only

If you choose to accept this offer of coverage for certified acts of terrorism, coverage provided under your Commercial Umbrella Policy will be excess over any underlying policy limits regardless of whether you have accepted or rejected coverage on those policies for certified acts of terrorism.

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

Effective November 26, 2002, under your existing coverage, any losses caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States Government, Department of the Treasury pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

REJECTION OF TERRORISM INSURANCE COVERAGE

I hereby reject the offer of terrorism coverage. I understand that an exclusion of certain terrorism losses will be made part of this Coverage Part/Policy.

Policyholder Signature	Print Name
Date	Policy Number

Taylor Agency
P. O. Box 30609
Charleston, SC 29417
Phone: 843-762-1805 Fax: 843-795-3193

MEMO Page 1

ACCOUNT NO.	OP	DATE
JJAFR-1	KH	03/02/2005

POLICY INFORMATION

POLICY #		
GL90601617, AU90601617		
TYPE	EFFECTIVE	EXPIRATION
GL	12/05/2004	12/05/2005

Agency code: 22-6798

Penn National Insurance
Central Scanning Unit
P. O. Box 3464
Harrisburg, PA 17105

CUSTOMER: JJA Framing Company
Jose Castillo

Re: Amend Mailing Address

Please amend the mailing address on the above referenced policies to the following effective immediately:
11227 East Field Rd.
Hendersonville, NC 28078

Also, please change the name to:

JJA Construction, Inc.

Thank you, and call me with any questions.

Sincerely,

Katie Huber

PLAINTIFF'S EXHIBIT 18

CONFIDENTIAL REQUEST FOR INFORMATION

The following confidential ownership statements may be used only in establishing premiums for your insurance coverages. It is extremely important that all questions be answered completely. Your workers compensation policy requires that you report ownership changes, and other changes as detailed below, to your insurance carrier in writing within 60 days of the change. If you have questions, contact your agent, insurance company, or the appropriate rating organization. Submit the completed form to the rating organization.

PURPOSE (Check One)

- ✓ Name change only
  Complete column A for former entity and column B for newly named entity
  Complete only questions 1, 2 and 5 on page 2.
- ___ Commingling of separate entities
  Complete a separate column for each entity related through common ownership (attach additional forms if necessary)
- ___ Sale, transfer or conveyance of ownership interest
  Complete column A for ownership before the change and column B for ownership after the change
- ___ Merger or consolidation (attach copy of agreement)
  Complete columns A and B for the former entities and column C for the surviving entity
- ___ Formation of a new entity
  Complete column A
- ___ Sale, transfer or conveyance of an entity's physical assets to another entity which takes over its operations
  Complete column A for the former entity and column B for the acquiring entity
- ___ Voluntary or court-mandated establishment of a trustee or receiver, excluding a debtor in possession, a trustee under a revocable trust or a franchisor
  Complete column A for ownership prior to the change, and column B for the trustee or receiver established

INFORMATION	A	B	C
Name and street address of Entity (P.O. Box Numbers are not acceptable)	JJA Framing Company 3000 Calvary Pl NW Clt, NC 28269	JJA Construction, Inc 11227 Eastfield Rd. Huntersville NC 28078	
Legal Status of Entity (Corporation, Partnership, Sole Proprietor, Trustee, Receiver, Individual, Other)	Sole Proprietor	Corporation	
Ownership Corporations—List names of owners of 5% or more of voting stock and number of shares owned.* (Submit shareholder proposal if transaction involved exchange of stock.) Partnerships—List each general partner and appropriate share in the profits. (If limited partnership, list name of general partner.) Other—If no voting stock, list members of board of directors or comparable governing body.	Jose A Castillo - owner	Jose A Castillo Emilio Castillo FEIN: 81-0660358	
* Total shares of voting stock issued.		200	
Date of Ownership Change, Acquisition, or Combinability		01-01-2005	
Carrier, Policy Number and Effective Date			
Experience Rating Identification Number (Carrier Use Only)			

ERM-14 (Rev. 7/91) Continued on Reverse Side NCRB (TA991121)

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02/24/2005 15:14 FAX

Exhibit 18 Pg2

CONFIDENTIAL REQUEST FOR INFORMATION

1. Has this entity operated under another name in the last four years? NO
2. Is the entity currently related through common majority ownership to any entity not listed on the front of the form? NO
3. Has this entity been previously related through common majority ownership to any other entities in the last four years? NO

If you answered yes to 1, 2, or 3 above, please provide the following information:

Name of Business	Principal Location	Carrier and Policy Number	Effective Date

4. Were the assets and/or ownership interest (all or a portion) of this entity acquired from a previously existing business? ___ If yes, you must provide complete ownership information of the prior owner in column A and ownership information on the new owner in column B on the reverse side of this form.

5. If this is a partial sale, transfer, or conveyance of an existing business (i.e., sale of one or more plants or locations):

   a. Explain what portion or location of the entire operation was sold, transferred, or conveyed. _____

   b. Was this entity insured under a separate policy from the remaining portion? _____ If not, specify the entities with which it was combined: _____

6. If this entity has operations in Delaware or Pennsylvania, provide the number of employees from each of these states retained from the prior ownership _____ out of _____. Indicate the percentage or number retained out of the total from each of these states _____ % _____ state.

NOTE: If your business has changed significantly to result in a change to the primary (governing) classification and the process and hazard of the operation have also changed, contact your agent, insurance company or rating organization for additional information.

This is to certify that the information contained on this form is complete and correct.

Name of Insured: Jose A Castillo JJA Construction Inc.

Name of person completing form: Glenda A Castillo

Date this ownership change was reported in writing to your insurance carrier: _____

Signature of Owner, Partner or Executive Officer	Title	Carrier
Jose A Castillo	Owner	
Print name of above signature	**Date**	**Carrier Address**
Jose A Castillo	2-28-05	

ERM-14(Rev. 7/91)

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Exhibit 18 Pg3

PLAINTIFF'S EXHIBIT 19

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105-2361

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS

ENDORSEMENT NUMBER 01 EFFECTIVE DATE 03/02/05

NON-ASSESSABLE

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GLO 0801817	12/05/04	12/05/05	PA NATIONAL MUTUAL CAS INS CO	0006751	25

NAMED INSURED AND ADDRESS	AGENCY
JJA CONSTRUCTION INC 11227 EAST FIELD RD HENDERSONVILLE NC 28078	W LEE TAYLOR AGY-C PO BOX 30809 CHARLESTON SC 29417

It is agreed that this policy is hereby amended as indicated below:

THE NAMED INSURED AND/OR MAILING ADDRESS IS CHANGED.

NEW ANNUAL PREMIUM: $2,158.00

TOTAL PREMIUM THIS ENDORSEMENT

ADDITIONAL PREMIUM
$0.00

THIS ENDORSEMENT IS SUBJECT TO THE DECLARATIONS, CONDITIONS AND OTHER TERMS OF THE POLICY WHICH ARE NOT INCONSISTENT HEREWITH AND WHEN COUNTERSIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY, FORMS A PART OF THE POLICY DESCRIBED HEREIN.

PRO-RATA PERCENTAGE: 76.2%

SIGNATURE OF AUTHORIZED REPRESENTATIVE _____

FORM 71-0050 (Ed. 03/91)

ISSUED 04/06/05

000078

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
P.O. Box 2361 Harrisburg, PA 17105-2361

A Certified true and exact copy of policy number GL9060161?

(name)

(official title)

THIS POLICY JACKET WITH THE INFORMATION PAGE, POLICY, FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THIS POLICY.

71 0477 05 93

000123

PLAINTIFF'S EXHIBIT 21

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS
OCCURRENCE POLICY
RENEWAL OF GL9 0601617

NON-ASSESSABLE **THIS POLICY IS SUBJECT TO A GENERAL AGGREGATE LIMIT**

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/05	12/05/06	PA NATIONAL MUTUAL CAS INS CO	0006751	25

NAMED INSURED AND ADDRESS	AGENCY
JJA CONSTRUCTION INC 11227 EAST FIELD RD HENDERSONVILLE NC 28078	W LEE TAYLOR AGY-C PO BOX 30609 CHARLESTON SC 29417

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.
FORM OF BUSINESS: INDIVIDUAL BUSINESS DESCRIPTION: CARPENTRY

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

LIMITS OF INSURANCE

General Aggregate Limit (Other than products – completed operations)	$	1,000,000
Products – Completed Operations Aggregate Limit	$	1,000,000
Personal and Advertising Injury Limit – Any one person or organization	$	500,000
Each Occurrence Limit	$	500,000
Damage to Premises Rented to you Limit – Any one premises	$	100,000
Medical Expense Limit – Any one person	$	5,000

PREMIUM INFORMATION

CODE	PREMIUM BASIS	PER	RATES PREMS/OPS	RATES PRODUCTS	ADVANCE PREMIUM PREMS/OPS	ADVANCE PREMIUM PRODUCTS

SEE SUPPLEMENTAL DECLARATIONS, FORM 71-0029S

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART $2,159.00

FORMS APPLICABLE TO THIS COVERAGE PART:

SEE ATTACHED FORMS SCHEDULE, FORM 71-1084

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UND. TEAM
3	2	99		N	022

COUNTERSIGNED BY: _____
Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

71 0029 0500 ISSUED 11/07/05

Exhibit 21 Pg2

COMMERCIAL GENERAL LIABILITY SUPPLEMENTAL DECLARATIONS

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/05	12/05/06	PA NATIONAL MUTUAL CAS INS CO	0006751	25

PREMISES NO. 1 : 11227 EAST FIELD RD
HENDERSONVILLE NC 28078

CODE	PREMIUM BASIS	PER	RATES PREMS/OPS	RATES PRODUCTS	ADVANCE PREMIUM PREMS/OPS	ADVANCE PREMIUM PRODUCTS
91340	65,000 PAYROLL	1000	VARIOUS	VARIOUS	INCLUDED	INCLUDED

CARPENTRY - CONSTRUCTION OF RESIDENTIAL PROPERTY NOT EXCEEDING THREE STORIES IN HEIGHT

ADDITIONAL INTERESTS

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/05	12/05/06	PA NATIONAL MUTUAL CAS INS CO	0006751	25

ENDORSEMENT SCHEDULE

GENERAL LIABILITY FORMS:

710442	07/98	IMPORTANT BILLING INFORMATION
710477	05/93	MULTI PURPOSE JACKET
710576	01/05	IMPORTANT NOTICE
711061	02/03	TERRORISM DISCLOSURE NOTICE
711106	01/05	DISCLOSURE OF TERRORISM INSURANCE COVERAGE PREMIUM
IL0017	11/98	COMMON POLICY CONDITIONS
IL0021	07/02	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
IL0269	07/02	NORTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL
710189	01/03	ASBESTOS ENDORSEMENT (EXCLUSION)- NC
710543	05/00	EXCLUSION-LEAD CONTAMINATION
710680	07/02	EXTENDED COVERAGE ENDORSEMENT GENERAL LIABILITY
710741	01/05	AUTOMATIC ADDITIONAL INSUREDS - OWNERS, CONTRACTORS AND
710939	06/01	EXTERIOR INSULATION & FINISH SYS
711145	01/05	AUTOMATIC ADDITIONAL INSUREDS - OWNERS, CONTRACTORS AND
711146	01/05	NOTICE TO POLICYHOLDERS
711148	01/05	NOTICE TO POLICYHOLDERS
711153	01/05	PRODUCTS-COMPLETED OPERATIONS REDEFINED
711229	11/05	SILICA OR SILICA-RELATED DUST EXCLUSION
711230	11/05	POLICYHOLDER NOTICE- SILICA OR SIILICA-RELATED DUST EXCL
711233	11/05	VIOLATION OF STATUTES
711234	11/05	POLICYHOLDER NOTICE- VIOLATION OF STATUTES
CG0001	10/01	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
CG0062	12/02	WAR LIABILITY EXCLUSION
CG0300	01/96	DEDUCTIBLE LIABILITY INSURANCE
CG2147	07/98	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG2150	09/89	AMENDMENT OF LIQUOR LIABILITY EXCLU
CG2161	04/98	YR 2000 COMPUTER EXCLUSION
CG2167	04/02	FUNGI OR BACTERIA EXCLUSION
CG2170	11/02	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
CG2176	11/02	EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT
CG2187	05/04	CONDITIONAL EXCLUSION OF TERRORISM
CG2426	07/04	AMENDMENT OF INSURED CONTRACT DEFINITION

PA NATIONAL MUTUAL CAS INS CO

COMMERCIAL GENERAL LIABILITY POLICY FORMS INVENTORY

POLICY NUMBER GL9 0601617 03 RENEWAL OF GL9 0601617 02
AMENDMENT OF POLICY EFFECTIVE: MAR. 31, 2006

NAMED INSURED: JJA CONSTRUCTION INC

POLICY PERIOD: 12/05/05 TO 12/05/06

THE FOLLOWING FORMS HAVE BEEN ADDED TO THE POLICY.

** NO FORMS GENERATED **

FORM NO. FORMSINV 1/86 ISSUED 04/12/06

Exhibit 21 Pg5

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105-2361

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS

ENDORSEMENT NUMBER 01 . EFFECTIVE DATE 03/31/06

NON-ASSESSABLE

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/05	12/05/06	PA NATIONAL MUTUAL CAS INS CO	0006751	25

NAMED INSURED AND ADDRESS	AGENCY
JJA CONSTRUCTION INC 9496 HIGHWAY 78 LOT 2 LADSON SC 29456	W LEE TAYLOR AGY-C PO BOX 30809 CHARLESTON SC 29417

It is agreed that this policy is hereby amended as indicated below:

THE NAMED INSURED AND/OR MAILING ADDRESS IS CHANGED.

NEW ANNUAL PREMIUM: $2,159.00

TOTAL PREMIUM THIS ENDORSEMENT

ADDITIONAL PREMIUM
$0.00

THIS ENDORSEMENT IS SUBJECT TO THE DECLARATIONS, CONDITIONS AND OTHER TERMS OF THE POLICY WHICH ARE NOT INCONSISTENT HEREWITH AND WHEN COUNTERSIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY, FORMS A PART OF THE POLICY DESCRIBED HEREIN.

PRO-RATA PERCENTAGE: 68.2%

SIGNATURE OF AUTHORIZED REPRESENTATIVE _____

FORM 71-0050 (Ed. 03/91)

ISSUED 04/12/06

Exhibit 21 Pg6

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/05	12/05/06	PA NATIONAL MUTUAL CAS INS CO	0006751	25

FORMS SCHEDULE

GENERAL LIABILITY FORMS:

710442	07/98	710477	05/93	710576	01/05	711061	02/03
711106	01/05	IL0017	11/98	IL0021	07/02	IL0269	07/02
710189	01/03	710543	05/00	710680	07/02	710741	01/05
710939	06/01	711145	01/05	711146	01/05	711148	01/05
711153	01/05	711229	11/05	711230	11/05	711233	11/05
711234	11/05	CG0001	10/01	CG0062	12/02	CG0300	01/96
CG2147	07/98	CG2150	09/89	CG2161	04/98	CG2167	04/02
CG2170	11/02	CG2176	11/02	CG2187	05/04	CG2426	07/04

PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

IMPORTANT NOTICE
BILLING INFORMATION

This policy is written on a direct bill basis. You will receive all invoices from us under separate cover.

If you have more than one commercial policy written by Penn National Insurance, they can be combined into one billing plan. If this has not been done for you, please contact your agent for details.

There will be times when changes are made to your policy. When this happens we will calculate the additional or return premium and spread the change in premium equally over the remaining installments.

You will receive a premium invoice approximately (20) twenty days prior to the due date. If your premium payment is not received by the due date shown on the invoice, we will send a Notice of Cancellation. If premium is not paid by the cancellation date all coverages will terminate. Repetitive notices of cancellation for non-payment of premium may result in your pay plan being converted to a prepaid (no installment) basis.

While it is our desire to keep our invoices simple and easy to read, questions may arise on your billings. When you have billing questions, please call us at 1-800-388-4764 extension 2441 for our Commercial Lines Automated Response Attendant (CLARA). CLARA will be able to answer all 'basic billing' questions. If more detailed information is needed, you may press the (*) star key at any time during your call which will connect you with one of our customer service representatives.

Thank you for choosing Penn National Insurance, we appreciate your business. Please let us know how we are doing.

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

IMPORTANT NOTICE

Enclosed is your renewal declarations. Please note that all endorsements listed on the renewal declarations will remain in effect during this policy term. We have attached only new or revised endorsements. For copies of any endorsement that is not attached, refer to your original policy.

Thank you for placing your coverage with Penn National Insurance.

To file a claim, contact your agent or call (800) 766-2245. You can also report auto and business property/homeowners claims on our Web site at www.pennnationalinsurance.com.

Exhibit 21 Pg9

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT OF 2002. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

NOTICE - DISCLOSURE OF TERRORISM INSURANCE COVERAGE PREMIUM

The Terrorism Risk Insurance Act of 2002 establishes a program within the Department of the Treasury under which the federal government shares with the insurance industry the risk of loss from future terrorist attacks. The Act applies when the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States, certifies that an event meets the definition of an act of terrorism. The Act provides that, to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest to coerce the government or population of the United States.

In accordance with the federal Terrorism Risk Insurance Act of 2002 we are required to offer you coverage for losses resulting from certified acts of terrorism. The policy's other provisions will still apply to any such act.

DISCLOSURE OF PREMIUM

The portion of your annual premium that is attributable to coverage for acts of terrorism is $ 0.00.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

Under Federal Law, you have thirty (30) days to consider this offer of coverage for terrorist acts.

You may choose to reject the offer by signing the enclosed statement and returning it to us and your policy will be written to exclude the described coverage to the extent permissible by statute in your state.

Commercial Umbrella Policies Only

If you choose to accept this offer of coverage for certified acts of terrorism, coverage provided under your Commercial Umbrella Policy will be excess over any underlying policy limits regardless of whether you have accepted or rejected coverage on those policies for certified acts of terrorism.

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

Effective November 26, 2002, under your existing coverage, any losses caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States Government, Department of the Treasury pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

REJECTION OF TERRORISM INSURANCE COVERAGE

I hereby reject the offer of terrorism coverage. I understand that an exclusion of certain terrorism losses will be made part of this Coverage Part/Policy.

Policyholder Signature	Print Name
Date	Policy Number

PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

ATTACHED IS FORM 71 1061 0203

NOTICE - DISCLOSURE OF

TERRORISM INSURANCE COVERAGE

PREMIUM

PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT OF 2002. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

NOTICE - DISCLOSURE OF TERRORISM INSURANCE COVERAGE PREMIUM

The Terrorism Risk Insurance Act of 2002 establishes a program within the Department of the Treasury under which the federal government shares with the insurance industry the risk of loss from future terrorist attacks. The Act applies when the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States, certifies that an event meets the definition of an act of terrorism. The Act provides that, to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest to coerce the government or population of the United States.

In accordance with the federal Terrorism Risk Insurance Act of 2002 we are required to offer you coverage for losses resulting from certified acts of terrorism. The policy's other provisions will still apply to any such act.

DISCLOSURE OF PREMIUM

The portion of your annual premium that is attributable to coverage for acts of terrorism is $ 0.00.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

Under Federal Law, you have thirty (30) days to consider this offer of coverage for terrorist acts.

You may choose to reject the offer by signing the enclosed statement and returning it to us and your policy will be written to exclude the described coverage to the extent permissible by statute in your state.

Commercial Umbrella Policies Only

If you choose to accept this offer of coverage for certified acts of terrorism, coverage provided under your Commercial Umbrella Policy will be excess over any underlying policy limits regardless of whether you have accepted or rejected coverage on those policies for certified acts of terrorism.

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

Effective November 26, 2002, under your existing coverage, any losses caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States Government, Department of the Treasury pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

Exhibit 21 Pg13

PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

REJECTION OF TERRORISM INSURANCE COVERAGE

I hereby reject the offer of terrorism coverage. I understand that an exclusion of certain terrorism losses will be made part of this Coverage Part/Policy.

Policyholder Signature	Print Name
Date	Policy Number

IL 00 17 11 98

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

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

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
   a. Make inspections and surveys at any time;
   b. Give you reports on the conditions we find; and
   c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
   a. Are safe or healthful; or
   b. Comply with laws, regulations, codes or standards.
3. Paragraphs **1.** and **2.** of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph **2.** of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

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Exhibit 21 Pg15

INTERLINE
IL 00 21 0702

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

   A. Under any Liability Coverage, to "bodily injury" or "property damage":

      (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

      (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

   B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

   C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

      (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;

      (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or

      (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

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Exhibit 21 Pg16

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material" and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

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Exhibit 21 Pg17

INTERLINE
IL 02 69 0702

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. **Cancellation Requirements**

a. **Policies In Effect Less Than 60 Days**

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

(1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. **Policies In Effect More Than 60 Days**

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

(1) Expiration of the policy term; or

(2) Anniversary date,

stated in the policy only for one or more of the following reasons:

(a) Nonpayment of premium;

(b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;

(c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;

(d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;

(e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;

(f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;

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Exhibit 21 Pg18

(g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;

(h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;

(i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or

(j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

(i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(ii) 30 days before the effective date of cancellation if we cancel for any other reason.

c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.

d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

B. The following provisions are added and supersede any other provisions to the contrary:

1. Nonrenewal

a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:

(1) Expiration of the policy if this policy has been written for one year or less; or

(2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.

b. We need not mail or deliver the notice of nonrenewal if you have:

(1) Insured property covered under this policy, under any other insurance policy;

(2) Accepted replacement coverage; or

(3) Requested or agreed to nonrenewal of this policy.

c. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. The written notice of cancellation or nonrenewal will:

a. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and

b. State the reason or reasons for cancellation or nonrenewal.

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Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

ASBESTOS ENDORSEMENT (EXCLUSION) NORTH CAROLINA

In consideration of the premium paid and notwithstanding anything contained in this policy to the contrary, it is agreed as follows:

The coverage afforded by this policy does not apply to "bodily injury", "personal and advertising injury" or "property damage" arising out of:

1) Inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos; or

2) The use of asbestos in constructing or manufacturing any good, product or structure; or

3) The removal of asbestos from any good, product or structure; or

4) The manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos.

This coverage afforded by the policy does not apply to payment for the investigation or defense of any loss, injury or damage or any cost, fine or penalty or for any expense or claim or suit related to any of the above.

PENN NATIONAL INSURANCE
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P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM.
COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY
COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY
COVERAGE C. MEDICAL PAYMENTS

EXCLUSION - LEAD CONTAMINATION

This insurance does not apply to:

1. "Bodily Injury", "medical payments", "property damage", or "personal and advertising injury" which would not have ocurred in whole or part but for the actual, alleged, or threatened ingestion, inhalation, absorption, dispersal, disposal, seepage, migration, release, or escape of lead in any form at any time.

2. Any loss, cost, or expense arising out of any:
   a. request, demand, or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to or assess the effects of lead; or
   b. claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to, or assessing the effects of lead.

Exhibit 21 Pg21

PENN NATIONAL INSURANCE
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Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTENDED COVERAGE ENDORSEMENT GENERAL LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

I. Amendment - Aggregate Limits of Insurance

The General Aggregate Limit under the LIMITS OF INSURANCE (Section III) applies separately to each of your:

a. Projects away from premises owned by or rented to you;

b. "Locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

II. Bodily Injury Redefined

The definition of "bodily injury" in DEFINITIONS (Section V) is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by a person including mental anguish or death resulting from any of these.

III. Mobile Equipment Redefined

Paragraph 12.f. subparagraph (1) of DEFINITIONS (Section V) does not apply to self-propelled vehicles of less than 1000 pounds gross vehicle weight.

IV. Broad Form Named Insured

a. WHO IS AN INSURED (Section II) is amended to include as an insured any organization or subsidiary thereof, other than a partnership, joint venture, or limited liability corporation, which is a legally incorporated entity of which you own a financial interest of more than 50 percent of the voting stock on the effective date of this endorsement.

b. Paragraph IV.a. does not apply to injury or damage with respect to which an insured under this policy is also an insured under another policy or would be an insured under such policy but for its termination or upon the exhaustion of its limits of insurance.

c. Paragraph IV.b. does not apply to a policy written to apply specifically in excess of this policy.

V. Newly Formed or Acquired Organizations

In paragraph 4.a. of WHO IS AN INSURED (Section II), 90th day is changed to 180th day.

VI. Incidental Malpractice Liability - Nurse, EMT, or Paramedic

Paragraph 2.a.(1)(d) of WHO IS AN INSURED (Section II) is deleted and replaced by: Arising out of his or her providing or failing to provide professional health care services. However, if you have "employees" who are a nurse, emergency medical technician or paramedic, they are an insured with respect to their providing or failing to provide professional health care services to your "employees".

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Exhibit 21 Pg22

VII. Duties in the Event of Occurrence, Claim or Suit Redefined

a. The requirement in Condition 2.a. of CONDITIONS (Section IV) that you must see to it that we are notified of an "occurrence" only applies when the "occurrence" or offense is known to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

b. The requirement in Condition 2.b. of CONDITIONS (Section IV) that you must see to it that we receive notice of a claim or "suit" will not be considered breached unless the breach occurs after such claim or "suit" is know to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

VIII. Unintentional Errors or Omissions

We will not deny coverage under this Coverage Part because of the unintentional omission of, or unintentional error in, any information provided by you. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

IX. Non-Owned Watercraft

a. Exclusion g. Paragraph (2) of COVERAGE A (Section I) is deleted and replaced by the following:

(2) A watercraft you do not own that is:

(a) Less than 51 feet long; and

(b) Not being used to carry persons or property for a charge;

b. Paragraph IX.a. above applies to any person who, with your expressed or implied consent, either uses or is responsible for the use of a watercraft.

c. Paragraphs IX.a. and IX.b. above do not apply if the insured has any other insurance for "bodily injury" or "property damage" liability that would also apply to loss covered under this provision, whether the other insurance is primary, excess, contingent or on any other basis. In that case, this Provision IX does not provide any insurance.

d. Paragraph IX.c. above does not apply to a policy written to apply specifically in excess of this policy.

X. Supplementary Payments Increased Limits

In the SUPPLEMENTARY PAYMENTS - COVERAGE A and B (Section I) provision:

a. The limit for the cost of bail bonds is changed from $250 to $2000.

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THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS (ONGOING OPERATIONS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following provision is added to **SECTION II -WHO IS AN INSURED**

5. Any person(s) or organizations(s) (referred to below as additional insured) with whom you are required in a written contract or agreement to name as an additional insured, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

(1) Your acts or omissions; or

(2) The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location or project described in the contract or agreement.

A person's or organization's status as an additional insured under this endorsement ends when your operations for that additional insured are completed.

B. With respect to insurance afforded to these additional insureds, the following additional exclusions apply:

1. This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

b. Supervisory, inspection, architectural or engineering activities.

2. This insurance does not apply to "bodily injury" or "property damage" occurring after:

a. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or

b. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as part of the same project.

C. The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

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D. With respect to the coverage provided by this endorsement, **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph 4. Other Insurance, Subparagraph a. Primary Insurance, is replaced by the following:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below, except;

(1) If a written contract or agreement that requires any person(s) or organization(s) to be an additional insured also requires this insurance to be primary and noncontributory, then this insurance is primary over any other insurance in which the additional insured is a Named Insured. We will not seek contribution from any other liability policy in which the additional insured is a Named Insured.

E. The coverage provided by this endorsment does not apply to any person(s) or organization(s) specifically named as additional insured in any policy issued by "us".

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS (ONGOING OPERATIONS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following provision is added to **SECTION II -WHO IS AN INSURED**

5. Any person(s) or organizations(s) (referred to below as additional insured) with whom you are required in a written contract or agreement to name as an additional insured, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

(1) Your acts or omissions; or

(2) The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location or project described in the contract or agreement.

A person's or organization's status as an additional insured under this endorsement ends when your operations for that additional insured are completed.

B. With respect to insurance afforded to these additional insureds, the following additional exclusions apply:

1. This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

b. Supervisory, inspection, architectural or engineering activities.

2. This insurance does not apply to "bodily injury" or "property damage" occurring after:

a. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or

b. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as part of the same project.

C. The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

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D. With respect to the coverage provided by this endorsement, SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, Paragraph 4. Other Insurance, Subparagraph a. Primary Insurance, is replaced by the following:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below, except;

(1) If a written contract or agreement that requires any person(s) or organization(s) to be an additional insured also requires this insurance to be primary and noncontributory, then this insurance is primary over any other insurance in which the additional insured is a Named Insured. We will not seek contribution from any other liability policy in which the additional insured is a Named Insured.

E. The coverage provided by this endorsement does not apply to any person(s) or organization(s) specifically named as additional insured in any policy issued by "us".

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EXTERIOR INSULATION AND FINISH SYSTEMS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

This insurance does not apply to:

I. "Bodily injury" or "property damage" included in the "products-completed operations hazard" and arising out of "your work" caused by the actual or alleged:

A. Design, construction, fabrication, preparation, installation, application, maintenance or repair, including remodeling, service, correction, or replacement, of an exterior insulation and finish system (commonly referred to as synthetic stucco) or any part or portion thereof, or any substantially similar system which resists water penetration at its outer surface.

B. Any work or operations with respect to any exterior component, fixture or feature of any structure if an exterior insulation and finish system, or substantially similar systems are used on any part or portion of that structure.

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THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS (COMPLETED OPERATIONS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following provision is added to **SECTION II - WHO IS AN INSURED:**

6. Any person(s) or organizations(s) (referred to below as additional insured) with whom you are required in a written contract or agreement to name as an additional insured for the "products-completed operations hazard", but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work", at the location or project designated and described in the contract or agreement, performed for that additional insured and included in the "products-completed operations hazard".

A person's or organization's status as an additional insured under this endorsement ends when the obligation to provide additional insured status for the "products-completed operations hazard" in the written contract or agreement ends.

B. With respect to insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

1. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

2. Supervisory, inspection, architectural or engineering activities.

C. The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

D. With respect to the coverage provided by this endorsement, **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS,** Paragraph **4. Other Insurance,** Subparagraph **a. Primary Insurance,** is deleted and replaced by the following:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below, except;

(1) If a written contract or agreement that requires any person(s) or organization(s) to be an additional insured also requires this insurance to be primary and noncontributory, then this insurance is primary over any other insurance in which the additional insured is a Named Insured. We will not seek contribution from any other liability policy in which the additional insured is a Named Insured.

E. The coverage provided by this endorsement does not apply to any person(s) or organization(s) specifically named as additional insured in any policy issued by "us".

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GENERAL LIABILITY

NOTICE TO POLICYHOLDERS

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to potential coverage changes in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsements attached to your policy, carefully.

I. REVISIONS TO ADDITIONAL INSURED - VENDORS

CG 20 15 07 04 Additional Insured - Vendors

When this endorsement is attached to your policy, there is NO coverage for an additional insured vendor for bodily injury or property damage arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf, unless the bodily injury or property damage is caused by:

1. Repackaging solely for the purpose of inspection, demonstration, testing or the substitution of parts under instruction from you, and then repackaged in the original container; or
2. Inspections, adjustments, tests or servicing that the vendor has agreed to make or normally undertake to make in the usual course of business, in connection with the distribution or sale of the products.

This may be a reduction in coverage in states where you are contractually permitted to hold harmless an additional insured for that additional insured's sole negligence or in states where courts have enabled coverage for the sole negligence of the additional insured.

II. REVISIONS TO OTHER ADDITIONAL INSURED ENDORSEMENTS

71 0741 0105	Automatic Additional Insureds - Owners, Contractors and Subcontractors (Ongoing Operations). This form replaces all CG 0131, CG 0132, CG 2009 amd CG 2010 endorsements that were attached to your expiring policy.
71 1145 0105	Automatic Additional Insureds - Owners, Contractors and Subcontractors (Completed Operations). This form replaces all CG 2037 endorsements that were attached to your expiring policy.
CG 20 07 07 04	Additional Insured - Engineers, Architects, Or Surveyors
CG 20 26 07 04	Additional Insured - Designated Person Or Organization
CG 20 28 07 04	Additional Insured - Lessor Of Leased Equipment
CG 20 31 07 04	Additional Insured - Engineers, Architects Or Surveyors
CG 20 32 07 04	Additional Insured - Engineers, Architects Or Surveyors Not Engaged By The Named Insured
CG 20 34 07 04	Additional Insured - Lessor Of Leased Equipment. Automatic Status When Required In Lease Agreement With You

When any of the above referenced endorsements shown in paragraphs I. or II. are attached to your policy, there is coverage for a person or organization that you name as an additional insured on your policy **ONLY** if the bodily injury, property damage or personal and advertising injury is caused in whole or in part by your acts or omissions or the acts or omissions of those working on your behalf.

There is **NO** coverage for the additional insured for bodily injury, property damage or personal and advertising injury caused entirely by any negligence that is not attributable to you or those acting on your behalf.

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This may be a reduction in coverage in states where you are contractually permitted to hold harmless an additional insured for that additional insured's sole negligence or in states where courts have enabled coverage for the sole negligence of the additional insured.

III. AMENDMENT OF INSURED CONTRACT DEFINITION

CG 24 26 07 04 Amendment Of Insured Contract Definition

When this endorsement is attached to your policy, you will no longer be provided coverage for tort liability that you assume under an insured contract unless you or someone acting on your behalf contributed in whole or in part to the bodily injury or property damage.

This may be a reduction in coverage in states where you are permitted to hold harmless a party for that party's sole negligence.

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NOTICE TO POLICYHOLDERS

POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE

(General Liability and Commercial Umbrella)

This Notice has been prepared in conjunction with the **POTENTIAL** implementation of changes related to coverage of terrorism under your policy.

The Terrorism Risk Insurance Act of 2002 established a program (Terrorism Risk Insurance Program) within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. That Program will terminate at the end of December 31, 2005 unless extended by the federal government. Your policy will become effective (or will be renewed) while the federal Program is still in effect, but prior to a decision by the federal government on extension of the federal Program. If the federal Program terminates, or is extended with certain changes, during the term of your policy, then the treatment of terrorism under your policy will change. This Notice is being provided to you for the purpose of summarizing potential impact on your coverage. The summary is a brief synopsis of significant exclusionary provisions and limitations.

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage restrictions and to other provisions in certain terrorism endorsement(s) in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply.

Carefully read your policy, including the endorsements attached to your policy.

YOUR POLICY AT START OF NEW POLICY TERM

If endorsement CG 21 70 or 71 1156 is attached to your policy and endorsement 71 1080 or 71 1073 is not attached to your policy

This policy does not contain a terrorism exclusion. However, the policy contains an endorsement under which coverage for "certified acts of terrorism" (which is more fully defined in the endorsement but involves acts of terrorism by or on behalf of a foreign interest) is subject to a limit on our liability pursuant to the federal Terrorism Risk Insurance Act of 2002. Further, the absence of a terrorism exclusion does not create coverage for any loss that would otherwise be excluded under the policy, such as losses excluded by the nuclear hazard or war exclusions.

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If endorsements CG 21 70 and 71 1080 are both attached to your policy or endorsements 71 1156 and 71 1073 are both attached to your policy

This policy contains endorsements that make a distinction between "certified acts of terrorism" and "other acts of terrorism". Coverage is provided for "certified acts of terrorism" (which is more fully defined in the endorsements, but involves acts of terrorism by or on behalf of a foreign interest). This coverage is subject to a limit on our liability pursuant to the federal Terrorism Risk Insurance Act of 2002. Coverage for "other acts of terrorism" (terrorist acts other than certified acts) is excluded but such exclusion applies only if:

(1) Aggregate losses from the event exceed $25 million; or

(2) Fifty or more persons sustain death or physical injury; or

(3) If the event qualified as a nuclear event; or

(4) If the event qualified under certain circumstances as a biological or chemical event.

With respect to "certified acts of terrorism" and "other acts of terrorism", policy exclusions (for example, the war liability exclusion) and other policy provisions continue to apply.

POTENTIAL CHANGE DURING THE TERM OF YOUR POLICY:

Endorsement CG 21 87 or 71 1156 is attached to your policy. Its provisions will become applicable to your policy only if certain events (one or more of them) occur. Those events include the following:

- If the federal Terrorism Risk Insurance Program (TRIP) terminates with respect to the type of insurance provided under this policy. (TRIP is scheduled to terminate at the end of December 31, 2005 unless extended by the federal government.); or
- If TRIP is extended with changes that redefine terrorism, and we are not required to make such revised coverage available to you; or
- If TRIP is extended with changes that make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other events or occurrences under this policy, and we are not required to make such revised coverage available to you; or
- If TRIP is extended with changes that increase insurers' statutory percentage deductible under TRIP for terrorism losses, or decrease the federal government's statutory percentage share in potential terrrorism losses, and we are not required to make terrorism coverage available to you. Our deductible in 2004 is 10% of the total of our previous year's direct earned premiums. In 2005, that figure is 15%. The government's share is 90% of the terrorism losses paid by us above the deductible.

Endorsement CG 21 87 or 71 1156 treats terrorism as follows:

- Coverage for loss or damage arising out of a terrorism incident is excluded only if:
  - The total of all insured damage to all types of property (including business interrruption losses sustained by owners or occupants of damaged property), from the incident, exceeds $25 million. The $25 million property damage threshold is based on losses sustained by all persons and entities who are affected by an incident of terrorism, and who are insured for the damage, or who would be insured but for a terrorism exclusion; or
  - Fifty or more persons sustain death or serious physical injury; or
    (To determine whether the threshold for property damage ($25) and persons injured (fifty) is exceeded, multiple incidents of terrorism which occur within a seventy-two hour period and appear to be linked together or have a related purpose or common leadership behind them shall be considered to be one incident of terrorism.)
  - The terrorism event involves nuclear materials or results in nuclear reaction or radiation or radioactive contamination; or
  - The terrorism event involves the release of radioactive material, and it appears that one purpose of the terrorism was to release such material; or
  - The terrorism event is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
  - The terrorism event involves the release of pathogenic or poisonous biological or chemical materials, and it appears that one purpose of the terrorism was to release such materials.

See the definition of terrorism for purposes of terrorism exclusions.

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THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

PRODUCTS-COMPLETED OPERATIONS REDEFINED

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. **SECTION III - LIMITS OF INSURANCE,** Paragraph 3., is deleted and replaced by the following:

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

This limit does not apply to products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

B. **SECTION V - DEFINITIONS,** Paragraph 16. "Products-completed operations hazard":, Subparagraph b. is deleted and replaced by the following:

b. Does not include "bodily injury" or "property damage" arising out of:

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or

(2) The existence of tools, uninstalled equipment or abandoned or unused materials.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SILICA OR SILICA-RELATED DUST EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

Silica Or Silica-Related Dust

a. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".

b. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

c. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

B. The following exclusion is added to Paragraph **2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Silica Or Silica-Related Dust

a. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

b. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

C. The following definitions are added to the **Definitions Section:**

1. "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.

2. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

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COMMERCIAL GENERAL LIABILITY
ADVISORY NOTICE TO POLICYHOLDERS
EXCLUSION - SILICA OR SILICA-RELATED DUST

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage changes when the exclusion for silica or silica-related dust is attached to this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsements attached to your policy, carefully.

This notice contains a brief synopsis of the following silica or silica-related dust exclusion endorsement:

- **71 1229 1105 Silica Or Silica-Related Dust Exclusion**

When this endorsement is attached to your policy, coverage is excluded for bodily injury under Coverage A arising in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, silica or silica-related dust. In addition, coverage is excluded for property damage under Coverage A and personal and advertising injury under Coverage B arising in whole or in part, out of actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, silica or silica-related dust.

The attachment of this endorsement may result in a restriction of coverage.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - VIOLATION OF STATUTES THAT GOVERN E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF SENDING MATERIAL OR INFORMATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or

b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or

c. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or

b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or

c. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

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COMMERCIAL GENERAL LIABILITY
ADVISORY NOTICE TO POLICYHOLDERS

EXCLUSION - VIOLATION OF STATUTES THAT GOVERN E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF SENDING MATERIAL OR INFORMATION

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage changes when the exclusion for violation of statutes that govern e-mails, fax phone calls or other methods of sending material or information is attached to this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsements attached to your policy, carefully.

This notice contains a brief synopsis of the following endorsement:

- **71 1233 1105 Exclusion - Violation Of Statutes That Govern E-mails, Fax, Phone Calls Or Other Methods Of Sending Material Or Information**

When the above referenced endorsement is attached to your policy, coverage is excluded for bodily injury and property damage under Coverage A and personal and advertising injury under Coverage B, arising directly or indirectly out of any action or omission that violates or is alleged to violate the Telephone Consumer Protection Act (TCPA), the CAN-SPAM Act of 2003 (including any amendment of or addition to such laws), or any other statute, ordinance or regulation that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

This is a reduction in coverage in states where, absent the wording of this endorsement, courts would consider coverage to be provided for violations of the above-mentioned acts or of other similar statutes, regulations or ordinances.

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COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

SECTION I – COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C.**

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B.**

b. This insurance applies to "bodily injury" and "property damage" only if:

(1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "bodily injury" or "property damage" occurs during the policy period; and

(3) Prior to the policy period, no insured listed under Paragraph **1.** of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **1.** of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **1.** of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

(1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

(2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

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e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **(1)** above.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

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f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

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(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

(1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

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Paragraphs **(1)**, **(3)** and **(4)** of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section **III** – Limits Of Insurance.

Paragraph **(2)** of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs **(3)**, **(4)**, **(5)** and **(6)** of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph **(6)** of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) "Your product";

(2) "Your work"; or

(3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section **III** – Limits Of Insurance.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance ; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C.**

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No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B**.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

(1) Advertising, broadcasting, publishing or telecasting;

(2) Designing or determining content of websites for others; or

(3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a., b.** and **c.** of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

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l. **Unauthorized Use Of Another's Name Or Product**

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. **Pollution**

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. **Pollution-Related**

Any loss, cost or expense arising out of any:

(1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

COVERAGE C MEDICAL PAYMENTS

1. **Insuring Agreement**

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

(1) On premises you own or rent;

(2) On ways next to premises you own or rent; or

(3) Because of your operations;

provided that:

(1) The accident takes place in the "coverage territory" and during the policy period;

(2) The expenses are incurred and reported to us within one year of the date of the accident; and

(3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

(1) First aid administered at the time of an accident;

(2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and

(3) Necessary ambulance, hospital, professional nursing and funeral services.

2. **Exclusions**

We will not pay expenses for "bodily injury":

a. **Any Insured**

To any insured, except "volunteer workers".

b. **Hired Person**

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. **Injury On Normally Occupied Premises**

To a person injured on that part of premises you own or rent that the person normally occupies.

d. **Workers Compensation And Similar Laws**

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. **Athletics Activities**

To a person injured while taking part in athletics.

f. **Products-Completed Operations Hazard**

Included within the "products-completed operations hazard".

g. **Coverage A Exclusions**

Excluded under Coverage A.

h. **War**

Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

a. All expenses we incur.

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b. Up to $250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $250 a day because of time off from work.

e. All costs taxed against the insured in the "suit".

f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

b. This insurance applies to such liability assumed by the insured;

c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

(a) Cooperate with us in the investigation, settlement or defense of the "suit";

(b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

(c) Notify any other insurer whose coverage is available to the indemnitee; and

(d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

(a) Obtain records and other information related to the "suit"; and

(b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or

b. The conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

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SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:
   a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
   b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
   c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
   d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
   e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
   a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
      (1) "Bodily injury" or "personal and advertising injury":
         (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
         (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph **(1)(a)** above;
         (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs **(1)(a)** or **(b)** above; or
         (d) Arising out of his or her providing or failing to provide professional health care services.
      (2) "Property damage" to property:
         (a) Owned, occupied or used by,
         (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

      you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
   b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
   c. Any person or organization having proper temporary custody of your property if you die, but only:
      (1) With respect to liability arising out of the maintenance or use of that property; and
      (2) Until your legal representative has been appointed.
   d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
   a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
   b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

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4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
   a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
   b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
   c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
   a. Insureds;
   b. Claims made or "suits" brought; or
   c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
   a. Medical expenses under Coverage C;
   b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
   c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
   a. Damages under Coverage A; and
   b. Medical expenses under Coverage C

   because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. **Bankruptcy**

   Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. **Duties In The Event Of Occurrence, Offense, Claim Or Suit**
   a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
      (1) How, when and where the "occurrence" or offense took place;
      (2) The names and addresses of any injured persons and witnesses; and
      (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

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b. If a claim is made or "suit" is brought against any insured, you must:

(1) Immediately record the specifics of the claim or "suit" and the date received; and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in **c.** below.

b. Excess Insurance

This insurance is excess over:

(1) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.

(2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

a. As if each Named Insured were the only Named Insured; and

b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

   a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

   b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

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3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
   a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
   b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in **a.** above; or
   c. All other parts of the world if the injury or damage arises out of:
      (1) Goods or products made or sold by you in the territory described in **a.** above;
      (2) The activities of a person whose home is in the territory described in **a.** above, but is away for a short time on your business; or
      (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication

   provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in **a.** above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
   a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
   b. You have failed to fulfill the terms of a contract or agreement;

   if such property can be restored to use by:
   a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
   b. Your fulfilling the terms of the contract or agreement.
9. "Insured contract" means:
   a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
   b. A sidetrack agreement;
   c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
   d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
   e. An elevator maintenance agreement;
   f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

      Paragraph **f.** does not include that part of any contract or agreement:
      (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
      (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
         (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
         (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
      (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

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10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

    a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

    b. While it is in or on an aircraft, watercraft or "auto"; or

    c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

    but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

    a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

    b. Vehicles maintained for use solely on or next to premises you own or rent;

    c. Vehicles that travel on crawler treads;

    d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

        (1) Power cranes, shovels, loaders, diggers or drills; or

        (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

    e. Vehicles not described in **a., b., c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

        (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

        (2) Cherry pickers and similar devices used to raise or lower workers;

    f. Vehicles not described in **a., b., c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

    However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

        (1) Equipment designed primarily for:

            (a) Snow removal;

            (b) Road maintenance, but not construction or resurfacing; or

            (c) Street cleaning;

        (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

        (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

    a. False arrest, detention or imprisonment;

    b. Malicious prosecution;

    c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

    d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

    e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

    f. The use of another's advertising idea in your "advertisement"; or

    g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

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15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

(a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;

(2) The existence of tools, uninstalled equipment or abandoned or unused materials; or

(3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and

(2) The providing of or failure to provide warnings or instructions.

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WAR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Exclusion i. under Paragraph 2., **Exclusions** of **Section I - Coverage A - Bodily Injury And Property Damage Liability** is replaced by the following:

2. **Exclusions**

This insurance does not apply to:

i. **War**

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

(1) War, including undeclared or civil war; or

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

B. The following exclusion is added to Paragraph 2., **Exclusions** of **Section I - Coverage B - Personal And Advertising Injury Liability:**

2. **Exclusions**

This insurance does not apply to:

WAR

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

a. War, including undeclared or civil war; or

b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

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

C. Exclusion h. under Paragraph 2., **Exclusions** of **Section I - Coverage C - Medical Payments** does not apply. Medical payments due to war are now subject to Exclusion g. of Paragraph 2., **Exclusions** of **Section I - Coverage C - Medical Payments** since "bodily injury" arising out of war is now excluded under Coverage A.

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POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 03 00 01 96

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage	Amount and Basis of Deductible PER CLAIM	or	PER OCCURRENCE
Bodily Injury Liability	$		$
OR			
Property Damage Liability	$		$
OR			
Bodily Injury Liability and/or Property Damage Liability Combined	$		$

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

A. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.

B. You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:

1. **PER CLAIM BASIS.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:
   a. Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";
   b. Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or
   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:
      (1) "Bodily injury";
      (2) "Property damage"; or
      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence".

   If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.

   With respect to "property damage", person includes an organization.

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2. **PER OCCURRENCE BASIS.** If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:
   a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";
   b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or
   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:
      (1) "Bodily injury";
      (2) "Property damage"; or
      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

C. The terms of this insurance, including those with respect to:
   1. Our right and duty to defend the insured against any "suits" seeking those damages; and
   2. Your duties in the event of an "occurrence", claim, or "suit"

   apply irrespective of the application of the deductible amount.

D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

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COMMERCIAL GENERAL LIABILITY
CG 21 47 07 98

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EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2., Exclusions** of **Section I – Coverage A – Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs **(a)**, **(b)**, or **(c)** above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

B. The following exclusion is added to Paragraph **2., Exclusions** of **Section I – Coverage B – Personal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs **(a)**, **(b)**, or **(c)** above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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AMENDMENT OF LIQUOR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion c. of COVERAGE A (Section I) is replaced by the following:

c. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you:

(1) Manufacture, sell or distribute alcoholic beverages;

(2) Serve or furnish alcoholic beverages for a charge whether or not such activity:

(a) Requires a license;

(b) Is for the purpose of financial gain or livelihood; or

(3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

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COMMERCIAL GENERAL LIABILITY
CG 21 61 04 98

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EXCLUSION – YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS – PRODUCTS/COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following exclusion is added to Paragraph **2., Exclusions** of **Section I – Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to "bodily injury" or "property damage" included in the "products-completed operations hazard" definition and arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

(a) Computer hardware, including microprocessors;

(b) Computer application software;

(c) Computer operating systems and related software;

(d) Computer networks;

(e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **2.a.(1)** of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **2.a.** of this endorsement.

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COMMERCIAL GENERAL LIABILITY
CG 21 67 04 02

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FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2.**, Exclusions of **Section I – Coverage A – Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

B. The following exclusion is added to Paragraph **2.**, Exclusions of **Section I – Coverage B – Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.

b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

C. The following definition is added to the **Definitions** Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

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CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

With respect to any one or more "certified acts of terrorism", we will not pay any amounts for which we are not responsible under the terms of the federal Terrorism Risk Insurance Act of 2002 (including subsequent acts of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

"Certified act of terrorism" means an 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 pursuant to the federal Terrorism Risk Insurance Act of 2002. The federal Terrorism Risk Insurance Act of 2002 sets forth the following criteria for a "certified act of terrorism":

1. The act resulted in aggregate losses in excess of $5 million; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, 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.

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EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM PUNITIVE DAMAGES

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

B. The following definition is added:

"Certified act of terrorism" means an 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 pursuant to the federal Terrorism Risk Insurance Act of 2002. The federal Terrorism Risk Insurance Act of 2002 sets forth the following criteria for a "certified act of terrorism":

1. The act resulted in aggregate losses in excess of $5 million; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, 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.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT OF 2002)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

A. Applicability Of The Provisions Of This Endorsement

1. The provisions of this endorsement will become applicable commencing on the date when any one or more of the following first occurs:
   a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act of 2002, has terminated with respect to the type of insurance provided under this Coverage Part or Policy; or
   b. A renewal, extension or continuation of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:
      (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
      (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or
      (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurences under this policy.

   The Program is scheduled to terminate at the end of December 31, 2005 unless renewed, extended or otherwise continued by the federal government.

2. If the provisions of this endorsement become applicable, such provisions:
   a. Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to an incident(s) of terrorism (however defined) which results in injury or damage that occurs on or after the date when the provisions of this endorsement become applicable (for claims made policies, such an endorsement is superseded only with respect to an incident of terrorism (however defined) that results in a claim for injury or damage first being made on or after the date when the provisions of this endorsement become applicable); and
   b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.

3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.

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Exhibit 21 Pg65

B. The following definitions are added and apply under this endorsement wherever the term terrorism, or the phrase any injury or damage, are enclosed in quotation marks:

1. "Terrorism" means activities against persons, organizations or property of any nature:

   a. That involve the following or preparation for the following:

      (1) Use or threat of force or violence; or

      (2) Commission or threat of a dangerous act; or

      (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

   b. When one or both of the following applies:

      (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or

      (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

2. "Any injury or damage" means any injury or damage covered under any Coverage Part or Policy to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part or Policy.

C. The following exclusion is added:

EXCLUSION OF TERRORISM

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or

3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

5. The total of insured damage to all types of property exceeds $25,000,000. In determining whether the $25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or

6. Fifty or more persons sustain death or serious physical injury. For the purpose of this provision, serious physical injury means:

   a. Physical injury that involves a substantial risk of death; or

   b. Protracted and obvious physical disfigurement; or

   c. Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraphs C.5. or C.6. are exceeded.

With respect to this Exclusion, Paragraphs C.5. and C.6. describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Part or Policy.

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this Coverage Part or Policy.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF INSURED CONTRACT DEFINITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Paragraph 9. of the Definitions Section is replaced by the following:

9. "Insured contract" means:

   a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

   b. A sidetrack agreement;

   c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

   d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

   e. An elevator maintenance agreement;

   f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

   Paragraph f. does not include that part of any contract or agreement:

   (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;

   (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

      (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

      (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

   (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

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Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS (COMPLETED OPERATIONS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following provision is added to **SECTION II - WHO IS AN INSURED:**

6. Any person(s) or organizations(s) (referred to below as additional insured) with whom you are required in a written contract or agreement to name as an additional insured for the "products-completed operations hazard", but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work", at the location or project designated and described in the contract or agreement, performed for that additional insured and included in the "products-completed operations hazard".

A person's or organization's status as an additional insured under this endorsement ends when the obligation to provide additional insured status for the "products-completed operations hazard" in the written contract or agreement ends.

B. With respect to insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

1. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

2. Supervisory, inspection, architectural or engineering activities.

C. The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

D. With respect to the coverage provided by this endorsement, **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph **4. Other Insurance**, Subparagraph **a. Primary Insurance**, is deleted and replaced by the following:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below, except;

(1) If a written contract or agreement that requires any person(s) or organization(s) to be an additional insured also requires this insurance to be primary and noncontributory, then this insurance is primary over any other insurance in which the additional insured is a Named Insured. We will not seek contribution from any other liability policy in which the additional insured is a Named Insured.

E. The coverage provided by this endorsement does not apply to any person(s) or organization(s) specifically named as additional insured in any policy issued by "us".

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PLAINTIFF'S EXHIBIT 23

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105-2361

Assigned to-US Ins - Phone 12/21/2006
PUCMB

PA NATIONAL MUTUAL CAS INS CO

GENERAL LIABILITY AUDITORS ASSIGNMENT COPY

AUDIT PERIOD 12/05/2005 TO 12/05/2006

POLICY NUMBER GLS 0801617 03 (RENEWAL)

AUDITOR NAME AND ADDRESS

AUDITOR: CUMTT
DATE COMPLETE:

NAMED INSURED AND ADDRESS

JJA CONSTRUCTION INC
9498 HIGHWAY 78 LOT 2
LADSON SC
29456
TELEPHONE: (704) 503-3548
INSURED IS INDIVIDUAL

AGENCY NAME AND ADDRESS

W LEE TAYLOR AGY-C
PO BOX 30609
CHARLESTON SC
29417
TELEPHONE: (843) 762-1805

BRANCH: 25 UWG#: 022 AGENCY NUMBER: 0006751

BUSINESS DESCRIPTION: CARPENTRY

LOCATIONS OWNED, RENTED, OR OCCUPIED

LOCATION 0001
11227 EAST FIELD RD
HENDERSONVILLE NC
28078

Phone Audit CUMTT
11/27/2006

FORM 71-0456 (ED. 03/93) ISSUED 11/06/06

PLAINTIFF'S EXHIBIT 24

AUDITORS ASSIGNMENT COPY
GENERAL LIABILITY CLASSIFICATION SCHEDULE

AUDIT PERIOD 12/05/2005 TO 12/05/2006

POLICY NUMBER GLO 0601617 03 AUDITOR:

NAMED INSURED: JJA CONSTRUCTION INC

LOC	ST	TERR	CODE						
1	OOP	NC	002	91340	CARPENTRY - CONSTRUCTION OF RESIDENTIAL PROPERTY NOT EXCEEDING THREE STORIES IN HEIGHT				
	PREMIUM BASIS:		PAYROLL	/ 1000		RATE	COV COD	PREM	
		65000	12/05/2005	12/05/2006		$18.255	O	1187	
		65000	12/05/2005	12/05/2006		$13.409	P	872	
LOC	ST	TERR	CODE						
1	OOP	NC	002	94444	NO HIT ON TL83X SIDENTIAL PROPERTY NOTEXCEEDING THREE STORIES IN HEIGHT				
	PREMIUM BASIS:		EMPLOYEE(S)	/ EACH		RATE	COV COD	PREM	
		1	12/05/2005	12/05/2006		$1.000	OA01		

2059

COV P IS FOR PRODUCTS-COMPLETED OPERATIONS AND COV O IS FOR PREMISES OPERATIONS.
OTHER COVERAGE CODES ARE FOR VARIOUS ADDITIONAL INTEREST ENTRIES.

FORM 71-0456 (ED. 03/93) ISSUED 11/06/06

Exhibit 24 Pg2

U S INSURANCE SERVICES
P O BOX 2761
FAIRFAX, VA 22031

TELEPHONE AUDIT REPORT

INSURED	JJA CONSTRUCTION INC
POLICY NO	GL9 0601617 03
EFFECTIVE	12/05/05
EXPIRATION	12/05/06
AGENT NAME	W LEE TAYLOR AGENCY
AGENT NUMBER	0006751

SUMMARY

STATE	CODE	BASIS	EXPOSURE
SC	91340	Payroll	$ 69,825

AUDITOR	Don Bragg
DATE	01/18/07

AUDIT CONTACT

Name:	Jose Castillo
Title:	Owner
Phone	(704) 400-6265
Fax	(704) 921-0140
Cell	-

ENTITY TYPE:

Individual

DESCRIPTION OF OPERATIONS

Carpentry construction - residential home building

COMMENTS:

Insured is not incorporated - files taxes on a Schedule C

Overtime	No	**Temp Help**	No
Officer's Excess	No	**Subcontractors**	No
Reported Tips	No	**Cert of Insur**	No

2/9/2007

PLAINTIFF'S EXHIBIT 25

PLAINTIFF'S EXHIBIT 26

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105-2361

PA NATIONAL MUTUAL CAS INS CO

GENERAL LIABILITY AUDIT STATEMENT

AUDIT PERIOD 12/05/2005 TO 12/05/2006

POLICY NUMBER GL9 0601617 03 (RENEWAL)

NAMED INSURED AND ADDRESS

JJA CONSTRUCTION INC
9496 HIGHWAY 78 LOT 2
LADSON SC
29456
TELEPHONE: (704) 503-3548
INSURED IS INDIVIDUAL

AGENCY NAME AND ADDRESS

W LEE TAYLOR AGY-C
PO BOX 30609
CHARLESTON SC
29417
TELEPHONE: (843) 762-1805

BRANCH: 25

AGENCY NUMBER: 0006751

BUSINESS DESCRIPTION: CARPENTRY

IRM 71-0458 (ED. 03/93) ISSUED 02/27/07

FINAL AUDIT STATEMENT
GENERAL LIABILITY CLASSIFICATION SCHEDULE

AUDIT PERIOD 12/05/05 TO 12/05/06

POLICY NUMBER GL9 0601617 03

NAMED INSURED : JJA CONSTRUCTION INC

LOC	CODE	EXPOSURE	FROM	TO	RATE	EARNED PREMIUM	COV CODE
1	00P 91340 0	CARPENTRY - CONSTRUCTION OF RESIDENTIAL PROPERTY NOT EXCEEDING THREE STORIES IN HEIGHT					
		69,825	120505	120506	18.255	$1,275	O
		69,825	120505	120506	13.409	$936	P
1	00P 94444 0				1.000	$100	DA01

AUDIT PREMIUM:	$2,311.00
TOTAL AUDIT PREMIUM:	$2,311.00
TOTAL EARNED PREMIUM:	$2,311.00
LESS PREVIOUS CHARGE:	$2,159.00
ADDITIONAL AUDIT PREMIUM:	$152.00
TOTAL ADDITIONAL PREMIUM:	$152.00

COV P IS FOR PRODUCTS-COMPLETED OPERATIONS AND COV O IS FOR PREMISES OPERATIONS.
OTHER COVERAGE CODES ARE FOR VARIOUS ADDITIONAL INTEREST ENTRIES.

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
P.O. Box 2361 Harrisburg, PA 17105-2361

A Certified true and exact copy of policy number GL9060617

(name)

(official title)

THIS POLICY JACKET WITH THE INFORMATION PAGE, POLICY, FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THIS POLICY.

PLAINTIFF'S EXHIBIT 27

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS
OCCURRENCE POLICY
RENEWAL OF GL9 0601617

NON-ASSESSABLE **THIS POLICY IS SUBJECT TO A GENERAL AGGREGATE LIMIT**

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/06	12/05/07	PA NATIONAL MUTUAL CAS INS CO	0006751	25

NAMED INSURED AND ADDRESS	AGENCY
JJA CONSTRUCTION INC 9496 HIGHWAY 78 LOT 2 LADSON SC 29456	W LEE TAYLOR AGY-C PO BOX 30609 CHARLESTON SC 29417

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.
FORM OF BUSINESS: INDIVIDUAL BUSINESS DESCRIPTION: CARPENTRY

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

LIMITS OF INSURANCE

General Aggregate Limit (Other than products – completed operations)	$	1,000,000
Products – Completed Operations Aggregate Limit	$	1,000,000
Personal and Advertising Injury Limit – Any one person or organization	$	500,000
Each Occurrence Limit	$	500,000
Damage to Premises Rented to you Limit – Any one premises	$	100,000
Medical Expense Limit – Any one person	$	5,000

PREMIUM INFORMATION

CODE	PREMIUM BASIS	PER	RATES PREMS/OPS	RATES PRODUCTS	ADVANCE PREMIUM PREMS/OPS	ADVANCE PREMIUM PRODUCTS

SEE SUPPLEMENTAL DECLARATIONS, FORM 71-0029S

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART $2,159.00

FORMS APPLICABLE TO THIS COVERAGE PART:

SEE ATTACHED FORMS SCHEDULE, FORM 71-1084

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UND. TEAM
3	2	99		N	022

COUNTERSIGNED BY: _____
Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

71 0029 0500 ISSUED 10/17/06

Exhibit 27 Pg2

COMMERCIAL GENERAL LIABILITY SUPPLEMENTAL DECLARATIONS

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/06	12/05/07	PA NATIONAL MUTUAL CAS INS CO	0006751	25

PREMISES NO. 1 : 11227 EAST FIELD RD
HENDERSONVILLE NC 28078

CODE	PREMIUM BASIS	PER	RATES PREMS/OPS	RATES PRODUCTS	ADVANCE PREMIUM PREMS/OPS	ADVANCE PREMIUM PRODUCTS
91340	65,000 PAYROLL	1000	VARIOUS	VARIOUS	INCLUDED	INCLUDED

CARPENTRY - CONSTRUCTION OF RESIDENTIAL PROPERTY NOT EXCEEDING THREE STORIES IN HEIGHT

ADDITIONAL INTERESTS

Exhibit 27 Pg3

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0801617	12/05/06	12/05/07	PA NATIONAL MUTUAL CAS INS CO	0006751	25

ENDORSEMENT SCHEDULE

GENERAL LIABILITY FORMS:

710442	07/96	IMPORTANT BILLING INFORMATION
710477	05/93	MULTI PURPOSE JACKET
710576	01/06	IMPORTANT NOTICE
711061	02/03	TERRORISM DISCLOSURE NOTICE
IL0017	11/98	COMMON POLICY CONDITIONS
IL0021	07/02	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
IL0269	07/02	NORTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL
710189	01/03	ASBESTOS ENDORSEMENT (EXCLUSION)- NC
710543	05/00	EXCLUSION-LEAD CONTAMINATION
710680	07/02	EXTENDED COVERAGE ENDORSEMENT GENERAL LIABILITY
710741	01/05	AUTOMATIC ADDITIONAL INSUREDS - OWNERS, CONTRACTORS AND
710939	06/01	EXTERIOR INSULATION & FINISH SYS
711145	01/05	AUTOMATIC ADDITIONAL INSUREDS - OWNERS, CONTRACTORS AND
711146	01/05	NOTICE TO POLICYHOLDERS
711148	01/05	NOTICE TO POLICYHOLDERS
711153	01/05	PRODUCTS-COMPLETED OPERATIONS REDEFINED
711229	11/05	SILICA OR SILICA-RELATED DUST EXCLUSION
711230	11/05	POLICYHOLDER NOTICE- SILICA OR SIILICA-RELATED DUST EXCL
711233	11/05	VIOLATION OF STATUTES
711234	11/05	POLICYHOLDER NOTICE- VIOLATION OF STATUTES
CG0001	10/01	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
CG0062	12/02	WAR LIABILITY EXCLUSION
CG0300	01/96	DEDUCTIBLE LIABILITY INSURANCE
CG2147	07/98	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG2150	09/89	AMENDMENT OF LIQUOR LIABILITY EXCLU
CG2161	04/98	YR 2000 COMPUTER EXCLUSION
CG2167	04/02	FUNGI OR BACTERIA EXCLUSION
CG2170	11/02	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
CG2176	11/02	EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT
CG2187	05/04	CONDITIONAL EXCLUSION OF TERRORISM
CG2426	07/04	AMENDMENT OF INSURED CONTRACT DEFINITION

PENN NATIONAL
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Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

IMPORTANT NOTICE
BILLING INFORMATION

This policy is written on a direct bill basis. You will receive all invoices from us under separate cover.

If you have more than one commercial policy written by Penn National Insurance, they can be combined into one billing plan. If this has not been done for you, please contact your agent for details.

There will be times when changes are made to your policy. When this happens we will calculate the additional or return premium and spread the change in premium equally over the remaining installments.

You will receive a premium invoice approximately (20) twenty days prior to the due date. If your premium payment is not received by the due date shown on the invoice, we will send a Notice of Cancellation. If premium is not paid by the cancellation date all coverages will terminate. Repetitive notices of cancellation for non-payment of premium may result in your pay plan being converted to a prepaid (no installment) basis.

While it is our desire to keep our invoices simple and easy to read, questions may arise on your billings. When you have billing questions, please call us at 1-800-388-4764 extension 2441 for our Commercial Lines Automated Response Attendant (CLARA). CLARA will be able to answer all 'basic billing' questions. If more detailed information is needed, you may press the (*) star key at any time during your call which will connect you with one of our customer service representatives.

Thank you for choosing Penn National Insurance, we appreciate your business. Please let us know how we are doing.

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Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

IMPORTANT NOTICE

Enclosed is your renewal declarations. Please note that all endorsements listed on the renewal declarations will remain in effect during this policy term. We have attached only new or revised endorsements. For copies of any endorsement that is not attached, refer to your original policy.

To file a claim, contact your agent or call (800) 766-2245. You can also report auto and business property/homeowners claims on our web site at www.pennnationalinsurance.com.

Thank you for placing your coverage with Penn National Insurance.

Exhibit 27 Pg6

PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

Disclosure of Federal Participation in Payment of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed $100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds $100 billion.

Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed $100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds $100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

DISCLOSURE OF PREMIUM
The portion of your annual premium that is attributable to coverage for acts of terrorism is $ 0.00.

Commercial Umbrella Policies Only
Coverage for certified acts of terrorism under your Commercial Umbrella Policy will be excess over any underlying policy limits regardless of whether you have accepted or rejected coverage on those policies for certified acts of terrorism.

Exhibit 27 Pg7

IL 00 17 11 98

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

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

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
   a. Make inspections and surveys at any time;
   b. Give you reports on the conditions we find; and
   c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
   a. Are safe or healthful; or
   b. Comply with laws, regulations, codes or standards.
3. Paragraphs **1.** and **2.** of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph **2.** of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

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Exhibit 27 Pg8

IL 00 21 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:
   A. Under any Liability Coverage, to "bodily injury" or "property damage":
      (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
      (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
   B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
   C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
      (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
      (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
      (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

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Exhibit 27 Pg9

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

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IL 02 69 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:

2. Cancellation Requirements

a. Policies In Effect Less Than 60 Days

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

(1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. Policies In Effect More Than 60 Days

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

(1) Expiration of the policy term; or

(2) Anniversary date,

stated in the policy only for one or more of the following reasons:

(a) Nonpayment of premium;

(b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;

(c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;

(d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;

(e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;

(f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;

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Exhibit 27 Pg11

(g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;

(h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;

(i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or

(j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

(i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(ii) 30 days before the effective date of cancellation if we cancel for any other reason.

c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.

d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

B. The following provisions are added and supersede any other provisions to the contrary:

1. **Nonrenewal**

a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:

(1) Expiration of the policy if this policy has been written for one year or less; or

(2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.

b. We need not mail or deliver the notice of nonrenewal if you have:

(1) Insured property covered under this policy, under any other insurance policy;

(2) Accepted replacement coverage; or

(3) Requested or agreed to nonrenewal of this policy.

c. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. The written notice of cancellation or nonrenewal will:

a. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and

b. State the reason or reasons for cancellation or nonrenewal.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

ASBESTOS ENDORSEMENT (EXCLUSION) NORTH CAROLINA

In consideration of the premium paid and notwithstanding anything contained in this policy to the contrary, it is agreed as follows:

The coverage afforded by this policy does not apply to "bodily injury", "personal and advertising injury" or "property damage" arising out of:

1) Inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos; or

2) The use of asbestos in constructing or manufacturing any good, product or structure; or

3) The removal of asbestos from any good, product or structure; or

4) The manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos.

This coverage afforded by the policy does not apply to payment for the investigation or defense of any loss, injury or damage or any cost, fine or penalty or for any expense or claim or suit related to any of the above.

Exhibit 27 Pg13

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THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM.
COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY
COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY
COVERAGE C. MEDICAL PAYMENTS

EXCLUSION - LEAD CONTAMINATION

This insurance does not apply to:

1. "Bodily Injury", "medical payments", "property damage", or "personal and advertising injury" which would not have occurred in whole or part but for the actual, alleged, or threatened ingestion, inhalation, absorption, dispersal, disposal, seepage, migration, release, or escape of lead in any form at any time.

2. Any loss, cost, or expense arising out of any:
   a. request, demand, or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to or assess the effects of lead; or
   b. claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to, or assessing the effects of lead.

Exhibit 27 Pg14

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTENDED COVERAGE ENDORSEMENT GENERAL LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

I. Amendment - Aggregate Limits of Insurance

The General Aggregate Limit under the LIMITS OF INSURANCE (Section III) applies separately to each of your:

a. Projects away from premises owned by or rented to you;

b. "Locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

II. Bodily Injury Redefined

The definition of "bodily injury" in DEFINITIONS (Section V) is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by a person including mental anguish or death resulting from any of these.

III. Mobile Equipment Redefined

Paragraph 12.f. subparagraph (1) of DEFINITIONS (Section V) does not apply to self-propelled vehicles of less than 1000 pounds gross vehicle weight.

IV. Broad Form Named Insured

a. WHO IS AN INSURED (Section II) is amended to include as an insured any organization or subsidiary thereof, other than a partnership, joint venture, or limited liability corporation, which is a legally incorporated entity of which you own a financial interest of more than 50 percent of the voting stock on the effective date of this endorsement.

b. Paragraph IV.a. does not apply to injury or damage with respect to which an insured under this policy is also an insured under another policy or would be an insured under such policy but for its termination or upon the exhaustion of its limits of insurance.

c. Paragraph IV.b. does not apply to a policy written to apply specifically in excess of this policy.

V. Newly Formed or Acquired Organizations

In paragraph 4.a. of WHO IS AN INSURED (Section II), 90th day is changed to 180th day.

VI. Incidental Malpractice Liability - Nurse, EMT, or Paramedic

Paragraph 2.a.(1)(d) of WHO IS AN INSURED (Section II) is deleted and replaced by: Arising out of his or her providing or failing to provide professional health care services. However; if you have "employees" who are a nurse, emergency medical technician or paramedic, they are an insured with respect to their providing or failing to provide professional health care services to your "employees".

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VII. Duties in the Event of Occurrence, Claim or Suit Redefined

a. The requirement in Condition 2.a. of CONDITIONS (Section IV) that you must see to it that we are notified of an "occurrence" only applies when the "occurrence" or offense is known to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

b. The requirement in Condition 2.b. of CONDITIONS (Section IV) that you must see to it that we receive notice of a claim or "suit" will not be considered breached unless the breach occurs after such claim or "suit" is know to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

VIII. Unintentional Errors or Omissions

We will not deny coverage under this Coverage Part because of the unintentional omission of, or unintentional error in, any information provided by you. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

IX. Non-Owned Watercraft

a. Exclusion g. Paragraph (2) of COVERAGE A (Section I) is deleted and replaced by the following:

(2) A watercraft you do not own that is:

(a) Less than 51 feet long; and

(b) Not being used to carry persons or property for a charge;

b. Paragraph IX.a. above applies to any person who, with your expressed or implied consent, either uses or is responsible for the use of a watercraft.

c. Paragraphs IX.a. and IX.b. above do not apply if the insured has any other insurance for "bodily injury" or "property damage" liability that would also apply to loss covered under this provision, whether the other insurance is primary, excess, contingent or on any other basis. In that case, this Provision IX does not provide any insurance.

d. Paragraph IX.c. above does not apply to a policy written to apply specifically in excess of this policy.

X. Supplementary Payments Increased Limits

In the SUPPLEMENTARY PAYMENTS - COVERAGE A and B (Section I) provision:

a. The limit for the cost of bail bonds is changed from $250 to $2000.

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THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS (ONGOING OPERATIONS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following provision is added to **SECTION II -WHO IS AN INSURED**

5. Any person(s) or organizations(s) (referred to below as additional insured) with whom you are required in a written contract or agreement to name as an additional insured, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

(1) Your acts or omissions; or

(2) The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location or project described in the contract or agreement.

A person's or organization's status as an additional insured under this endorsement ends when your operations for that additional insured are completed.

B. With respect to insurance afforded to these additional insureds, the following additional exclusions apply:

1. This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

b. Supervisory, inspection, architectural or engineering activities.

2. This insurance does not apply to "bodily injury" or "property damage" occurring after:

a. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or

b. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as part of the same project.

C. The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

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D. With respect to the coverage provided by this endorsement, **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph 4. Other Insurance, Subparagraph a. Primary Insurance, is replaced by the following:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below, except;

(1) If a written contract or agreement that requires any person(s) or organization(s) to be an additional insured also requires this insurance to be primary and noncontributory, then this insurance is primary over any other insurance in which the additional insured is a Named Insured. We will not seek contribution from any other liability policy in which the additional insured is a Named Insured.

E. The coverage provided by this endorsment does not apply to any person(s) or organization(s) specifically named as additional insured in any policy issued by "us".

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EXTERIOR INSULATION AND FINISH SYSTEMS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

This insurance does not apply to:

I. "Bodily injury" or "property damage" included in the "products-completed operations hazard" and arising out of "your work" caused by the actual or alleged:

A. Design, construction, fabrication, preparation, installation, application, maintenance or repair, including remodeling, service, correction, or replacement, of an exterior insulation and finish system (commonly referred to as synthetic stucco) or any part or portion thereof, or any substantially similar system which resists water penetration at its outer surface.

B. Any work or operations with respect to any exterior component, fixture or feature of any structure if an exterior insulation and finish system, or substantially similar systems are used on any part or portion of that structure.

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AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS (COMPLETED OPERATIONS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following provision is added to **SECTION II - WHO IS AN INSURED:**

6. Any person(s) or organizations(s) (referred to below as additional insured) with whom you are required in a written contract or agreement to name as an additional insured for the "products-completed operations hazard", but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work", at the location or project designated and described in the contract or agreement, performed for that additional insured and included in the "products-completed operations hazard".

A person's or organization's status as an additional insured under this endorsement ends when the obligation to provide additional insured status for the "products-completed operations hazard" in the written contract or agreement ends.

B. With respect to insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

1. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

2. Supervisory, inspection, architectural or engineering activities.

C. The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

D. With respect to the coverage provided by this endorsement, **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph **4. Other Insurance**, Subparagraph **a. Primary Insurance**, is deleted and replaced by the following:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below, except;

(1) If a written contract or agreement that requires any person(s) or organization(s) to be an additional insured also requires this insurance to be primary and noncontributory, then this insurance is primary over any other insurance in which the additional insured is a Named Insured. We will not seek contribution from any other liability policy in which the additional insured is a Named Insured.

E. The coverage provided by this endorsement does not apply to any person(s) or organization(s) specifically named as additional insured in any policy issued by "us".

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GENERAL LIABILITY

NOTICE TO POLICYHOLDERS

This Notice does **not** form a part of your insurance contract. The Notice is designed to alert you to potential coverage changes in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsements attached to your policy, carefully.

I. REVISIONS TO ADDITIONAL INSURED – VENDORS

CG 20 15 07 04 Additional Insured - Vendors

When this endorsement is attached to your policy, there is NO coverage for an additional insured vendor for bodily injury or property damage arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf, unless the bodily injury or property damage is caused by:

1. Repackaging solely for the purpose of inspection, demonstration, testing or the substitution of parts under instruction from you, and then repackaged in the original container; or

2. Inspections, adjustments, tests or servicing that the vendor has agreed to make or normally undertake to make in the usual course of business, in connection with the distribution or sale of the products.

This may be a reduction in coverage in states where you are contractually permitted to hold harmless an additional insured for that additional insured's sole negligence or in states where courts have enabled coverage for the sole negligence of the additional insured.

II. REVISIONS TO OTHER ADDITIONAL INSURED ENDORSEMENTS

71 0741 0105	Automatic Additional Insureds – Owners, Contractors and Subcontractors (Ongoing Operations). This form replaces all CG 0131, CG 0132, CG 2009 and CG 2010 endorsements that were attached to your expiring policy.
71 1145 0105	Automatic Additional Insureds – Owners, Contractors and Subcontractors (Completed Operations). This form replaces all CG 2037 endorsements that were attached to your expiring policy.
CG 20 07 07 04	Additional Insured - Engineers, Architects, Or Surveyors
CG 20 26 07 04	Additional Insured - Designated Person Or Organization
CG 20 28 07 04	Additional Insured - Lessor Of Leased Equipment
CG 20 31 07 04	Additional Insured - Engineers, Architects Or Surveyors
CG 20 32 07 04	Additional Insured - Engineers, Architects Or Surveyors Not Engaged By The Named Insured
CG 20 34 07 04	Additional Insured - Lessor Of Leased Equipment . Automatic Status When Required In Lease Agreement With You

When any of the above referenced endorsements shown in paragraphs I. or II. are attached to your policy, there is coverage for a person or organization that you name as an additional insured on your policy **ONLY** if the bodily injury, property damage or personal and advertising injury is caused in whole or in part by your acts or omissions or the acts or omissions of those working on your behalf.

There is **NO** coverage for the additional insured for bodily injury, property damage or personal and advertising injury caused entirely by any negligence that is not attributable to you or those acting on your behalf.

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This may be a reduction in coverage in states where you are contractually permitted to hold harmless an additional insured for that additional insured's sole negligence or in states where courts have enabled coverage for the sole negligence of the additional insured.

III. AMENDMENT OF INSURED CONTRACT DEFINITION

CG 24 26 07 04 Amendment Of Insured Contract Definition

When this endorsement is attached to your policy, you will no longer be provided coverage for tort liability that you assume under an insured contract unless you or someone acting on your behalf contributed in whole or in part to the bodily injury or property damage.

This may be a reduction in coverage in states where you are permitted to hold harmless a party for that party's sole negligence.

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NOTICE TO POLICYHOLDERS

POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE

(General Liability and Commercial Umbrella)

This Notice has been prepared in conjunction with the **POTENTIAL** implementation of changes related to coverage of terrorism under your policy.

The Terrorism Risk Insurance Act of 2002 established a program (Terrorism Risk Insurance Program) within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. That Program will terminate at the end of December 31, 2005 unless extended by the federal government. Your policy will become effective (or will be renewed) while the federal Program is still in effect, but prior to a decision by the federal government on extension of the federal Program. If the federal Program terminates, or is extended with certain changes, during the term of your policy, then the treatment of terrorism under your policy will change. This Notice is being provided to you for the purpose of summarizing potential impact on your coverage. The summary is a brief synopsis of significant exclusionary provisions and limitations.

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage restrictions and to other provisions in certain terrorism endorsement(s) in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply.

Carefully read your policy, including the endorsements attached to your policy.

YOUR POLICY AT START OF NEW POLICY TERM

If endorsement CG 21 70 or 71 1156 is attached to your policy and endorsement 71 1080 or 71 1073 is not attached to your policy

This policy does not contain a terrorism exclusion. However, the policy contains an endorsement under which coverage for "certified acts of terrorism" (which is more fully defined in the endorsement but involves acts of terrorism by or on behalf of a foreign interest) is subject to a limit on our liability pursuant to the federal Terrorism Risk Insurance Act of 2002. Further, the absence of a terrorism exclusion does not create coverage for any loss that would otherwise be excluded under the policy, such as losses excluded by the nuclear hazard or war exclusions.

Exhibit 27 Pg23

If endorsements CG 21 70 and 71 1080 are both attached to your policy or endorsements 71 1156 and 71 1073 are both attached to your policy

This policy contains endorsements that make a distinction between "certified acts of terrorism" and "other acts of terrorism". Coverage is provided for "certified acts of terrorism" (which is more fully defined in the endorsements, but involves acts of terrorism by or on behalf of a foreign interest). This coverage is subject to a limit on our liability pursuant to the federal Terrorism Risk Insurance Act of 2002. Coverage for "other acts of terrorism" (terrorist acts other than certified acts) is excluded but such exclusion applies only if:

(1) Aggregate losses from the event exceed $25 million; or

(2) Fifty or more persons sustain death or physical injury; or

(3) If the event qualified as a nuclear event; or

(4) If the event qualified under certain circumstances as a biological or chemical event.

With respect to "certified acts of terrorism" and "other acts of terrorism", policy exclusions (for example, the war liability exclusion) and other policy provisions continue to apply.

POTENTIAL CHANGE DURING THE TERM OF YOUR POLICY:

Endorsement CG 21 87 or 71 1156 is attached to your policy. Its provisions will become applicable to your policy only if certain events (one or more of them) occur. Those events include the following:

- If the federal Terrorism Risk Insurance Program (TRIP) terminates with respect to the type of insurance provided under this policy. (TRIP is scheduled to terminate at the end of December 31, 2005 unless extended by the federal government.); or
- If TRIP is extended with changes that redefine terrorism, and we are not required to make such revised coverage available to you; or
- If TRIP is extended with changes that make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other events or occurrences under this policy, and we are not required to make such revised coverage available to you; or
- If TRIP is extended with changes that increase insurers' statutory percentage deductible under TRIP for terrorism losses, or decrease the federal government's statutory percentage share in potential terrrorism losses, and we are not required to make terrorism coverage available to you. Our deductible in 2004 is 10% of the total of our previous year's direct earned premiums. In 2005, that figure is 15%. The government's share is 90% of the terrorism losses paid by us above the deductible.

Exhibit 27 Pg24

Endorsement CG 21 87 or 71 1156 treats terrorism as follows:

- Coverage for loss or damage arising out of a terrorism incident is excluded only if:
  - The total of all insured damage to all types of property (including business interrruption losses sustained by owners or occupants of damaged property), from the incident, exceeds $25 million. The $25 million property damage threshold is based on losses sustained by all persons and entities who are affected by an incident of terrorism, and who are insured for the damage, or who would be insured but for a terrorism exclusion; or
  - Fifty or more persons sustain death or serious physical injury; or
    (To determine whether the threshold for property damage ($25) and persons injured (fifty) is exceeded, multiple incidents of terrorism which occur within a seventy-two hour period and appear to be linked together or have a related purpose or common leadership behind them shall be considered to be one incident of terrorism.)
  - The terrorism event involves nuclear materials or results in nuclear reaction or radiation or radioactive contamination; or
  - The terrorism event involves the release of radioactive material, and it appears that one purpose of the terrorism was to release such material; or
  - The terrorism event is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
  - The terrorism event involves the release of pathogenic or poisonous biological or chemical materials, and it appears that one purpose of the terrorism was to release such materials.

See the definition of terrorism for purposes of terrorism exclusions.

Exhibit 27 Pg25

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

PRODUCTS-COMPLETED OPERATIONS REDEFINED

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. **SECTION III - LIMITS OF INSURANCE,** Paragraph 3., is deleted and replaced by the following:

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

This limit does not apply to products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

B. **SECTION V - DEFINITIONS,** Paragraph 16. "Products-completed operations hazard":, Subparagraph b. is deleted and replaced by the following:

b. Does not include "bodily injury" or "property damage" arising out of:

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or

(2) The existence of tools, uninstalled equipment or abandoned or unused materials.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SILICA OR SILICA-RELATED DUST EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., **Exclusions** of **Section I - Coverage A - Bodily Injury And Property Damage Liability:**

2. **Exclusions**

This insurance does not apply to:

Silica Or Silica-Related Dust

a. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".

b. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

c. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

B. The following exclusion is added to Paragraph 2., **Exclusions** of **Section I - Coverage B - Personal And Advertising Injury Liability:**

2. **Exclusions**

This insurance does not apply to:

Silica Or Silica-Related Dust

a. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

b. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

C. The following definitions are added to the **Definitions** Section:

1. "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.

2. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

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COMMERCIAL GENERAL LIABILITY
ADVISORY NOTICE TO POLICYHOLDERS
EXCLUSION - SILICA OR SILICA-RELATED DUST

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage changes when the exclusion for silica or silica-related dust is attached to this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsements attached to your policy, carefully.

This notice contains a brief synopsis of the following silica or silica-related dust exclusion endorsement:

- **71 1229 1105 Silica Or Silica-Related Dust Exclusion**

When this endorsement is attached to your policy, coverage is excluded for bodily injury under Coverage A arising in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, silica or silica-related dust. In addition, coverage is excluded for property damage under Coverage A and personal and advertising injury under Coverage B arising in whole or in part, out of actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, silica or silica-related dust.

The attachment of this endorsement may result in a restriction of coverage.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - VIOLATION OF STATUTES THAT GOVERN E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF SENDING MATERIAL OR INFORMATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or

b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or

c. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

B. The following exclusion is added to Paragraph **2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or

b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or

c. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

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COMMERCIAL GENERAL LIABILITY
ADVISORY NOTICE TO POLICYHOLDERS

EXCLUSION - VIOLATION OF STATUTES THAT GOVERN E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF SENDING MATERIAL OR INFORMATION

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage changes when the exclusion for violation of statutes that govern e-mails, fax phone calls or other methods of sending material or information is attached to this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsements attached to your policy, carefully.

This notice contains a brief synopsis of the following endorsement:

- **71 1233 1105 Exclusion - Violation Of Statutes That Govern E-mails, Fax, Phone Calls Or Other Methods Of Sending Material Or Information**

When the above referenced endorsement is attached to your policy, coverage is excluded for bodily injury and property damage under Coverage A and personal and advertising injury under Coverage B, arising directly or indirectly out of any action or omission that violates or is alleged to violate the Telephone Consumer Protection Act (TCPA), the CAN-SPAM Act of 2003 (including any amendment of or addition to such laws), or any other statute, ordinance or regulation that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

This is a reduction in coverage in states where, absent the wording of this endorsement, courts would consider coverage to be provided for violations of the above-mentioned acts or of other similar statutes, regulations or ordinances.

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Exhibit 27 Pg30

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **II** – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **V** – Definitions.

SECTION I – COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C.**

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B.**

b. This insurance applies to "bodily injury" and "property damage" only if:

(1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "bodily injury" or "property damage" occurs during the policy period; and

(3) Prior to the policy period, no insured listed under Paragraph **1.** of Section **II** – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **1.** of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **1.** of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

(1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

(2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

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Exhibit 27 Pg31

e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. **Exclusions**

This insurance does not apply to:

a. **Expected Or Intended Injury**

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. **Contractual Liability**

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. **Liquor Liability**

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. **Workers' Compensation And Similar Laws**

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. **Employer's Liability**

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

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f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

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Exhibit 27 Pg33

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

(1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

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Paragraphs **(1)**, **(3)** and **(4)** of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section **III** – Limits Of Insurance.

Paragraph **(2)** of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs **(3)**, **(4)**, **(5)** and **(6)** of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph **(6)** of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) "Your product";

(2) "Your work"; or

(3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section **III** – Limits Of Insurance.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance ; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C.**

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No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B**.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. **Exclusions**

This insurance does not apply to:

a. **Knowing Violation Of Rights Of Another**

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. **Material Published With Knowledge Of Falsity**

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. **Material Published Prior To Policy Period**

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. **Criminal Acts**

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. **Contractual Liability**

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. **Breach Of Contract**

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. **Quality Or Performance Of Goods – Failure To Conform To Statements**

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. **Wrong Description Of Prices**

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. **Infringement Of Copyright, Patent, Trademark Or Trade Secret**

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. **Insureds In Media And Internet Type Businesses**

"Personal and advertising injury" committed by an insured whose business is:

(1) Advertising, broadcasting, publishing or telecasting;

(2) Designing or determining content of websites for others; or

(3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. **Electronic Chatrooms Or Bulletin Boards**

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

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l. **Unauthorized Use Of Another's Name Or Product**

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. **Pollution**

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. **Pollution-Related**

Any loss, cost or expense arising out of any:

(1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

COVERAGE C MEDICAL PAYMENTS

1. **Insuring Agreement**

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

(1) On premises you own or rent;

(2) On ways next to premises you own or rent; or

(3) Because of your operations;

provided that:

(1) The accident takes place in the "coverage territory" and during the policy period;

(2) The expenses are incurred and reported to us within one year of the date of the accident; and

(3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

(1) First aid administered at the time of an accident;

(2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and

(3) Necessary ambulance, hospital, professional nursing and funeral services.

2. **Exclusions**

We will not pay expenses for "bodily injury":

a. **Any Insured**

To any insured, except "volunteer workers".

b. **Hired Person**

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. **Injury On Normally Occupied Premises**

To a person injured on that part of premises you own or rent that the person normally occupies.

d. **Workers Compensation And Similar Laws**

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. **Athletics Activities**

To a person injured while taking part in athletics.

f. **Products-Completed Operations Hazard**

Included within the "products-completed operations hazard".

g. **Coverage A Exclusions**

Excluded under Coverage A.

h. **War**

Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

a. All expenses we incur.

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b. Up to $250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $250 a day because of time off from work.

e. All costs taxed against the insured in the "suit".

f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

b. This insurance applies to such liability assumed by the insured;

c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

(a) Cooperate with us in the investigation, settlement or defense of the "suit";

(b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

(c) Notify any other insurer whose coverage is available to the indemnitee; and

(d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

(a) Obtain records and other information related to the "suit"; and

(b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or

b. The conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

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SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:
   a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
   b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
   c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
   d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
   e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
   a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
      (1) "Bodily injury" or "personal and advertising injury":
         (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
         (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph **(1)(a)** above;
         (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs **(1)(a)** or **(b)** above; or
         (d) Arising out of his or her providing or failing to provide professional health care services.
      (2) "Property damage" to property:
         (a) Owned, occupied or used by,
         (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

         you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
   b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
   c. Any person or organization having proper temporary custody of your property if you die, but only:
      (1) With respect to liability arising out of the maintenance or use of that property; and
      (2) Until your legal representative has been appointed.
   d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
   a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
   b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

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4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
   a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
   b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
   c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
   a. Insureds;
   b. Claims made or "suits" brought; or
   c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
   a. Medical expenses under Coverage C;
   b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
   c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
   a. Damages under Coverage A; and
   b. Medical expenses under Coverage C

   because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. **Bankruptcy**

   Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. **Duties In The Event Of Occurrence, Offense, Claim Or Suit**
   a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
      (1) How, when and where the "occurrence" or offense took place;
      (2) The names and addresses of any injured persons and witnesses; and
      (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

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b. If a claim is made or "suit" is brought against any insured, you must:

(1) Immediately record the specifics of the claim or "suit" and the date received; and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in **c.** below.

b. Excess Insurance

This insurance is excess over:

(1) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section I – Coverage **A** – Bodily Injury And Property Damage Liability.

(2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

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When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. **Method Of Sharing**

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. **Premium Audit**

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. **Representations**

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations.

7. **Separation Of Insureds**

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

a. As if each Named Insured were the only Named Insured; and

b. Separately to each Insured against whom claim is made or "suit" is brought.

8. **Transfer Of Rights Of Recovery Against Others To Us**

If the Insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The Insured must do nothing after loss to impair them. At our request, the Insured will bring "suit" or transfer those rights to us and help us enforce them.

9. **When We Do Not Renew**

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

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3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
   a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
   b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above; or
   c. All other parts of the world if the injury or damage arises out of:
      (1) Goods or products made or sold by you in the territory described in a. above;
      (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or
      (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication

   provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
   a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
   b. You have failed to fulfill the terms of a contract or agreement;

   if such property can be restored to use by:
   a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
   b. Your fulfilling the terms of the contract or agreement.
9. "Insured contract" means:
   a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
   b. A sidetrack agreement;
   c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
   d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
   e. An elevator maintenance agreement;
   f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

      Paragraph **f.** does not include that part of any contract or agreement:
      (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
      (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
         (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
         (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
      (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

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10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

    a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

    b. While it is in or on an aircraft, watercraft or "auto"; or

    c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

    but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

    a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

    b. Vehicles maintained for use solely on or next to premises you own or rent;

    c. Vehicles that travel on crawler treads;

    d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

        (1) Power cranes, shovels, loaders, diggers or drills; or

        (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

    e. Vehicles not described in **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

        (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

        (2) Cherry pickers and similar devices used to raise or lower workers;

    f. Vehicles not described in **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

    However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

        (1) Equipment designed primarily for:

            (a) Snow removal;

            (b) Road maintenance, but not construction or resurfacing; or

            (c) Street cleaning;

        (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

        (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

    a. False arrest, detention or imprisonment;

    b. Malicious prosecution;

    c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

    d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

    e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

    f. The use of another's advertising idea in your "advertisement"; or

    g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

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15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

(a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;

(2) The existence of tools, uninstalled equipment or abandoned or unused materials; or

(3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

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b. Includes

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and

(2) The providing of or failure to provide warnings or instructions.

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COMMERCIAL GENERAL LIABILITY
CG 00 62 12 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Exclusion **i.** under Paragraph **2., Exclusions** of **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

2. Exclusions

This insurance does not apply to:

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

(1) War, including undeclared or civil war; or

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

B. The following exclusion is added to Paragraph **2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

WAR

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

a. War, including undeclared or civil war; or

b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

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

C. Exclusion **h.** under Paragraph **2., Exclusions** of **Section I – Coverage C – Medical Payments** does not apply. Medical payments due to war are now subject to Exclusion **g.** of Paragraph **2., Exclusions of Section I – Coverage C – Medical Payments** since "bodily injury" arising out of war is now excluded under Coverage **A.**

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POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 03 00 01 96

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage	Amount and Basis of Deductible PER CLAIM	or	PER OCCURRENCE
Bodily Injury Liability	$		$
OR			
Property Damage Liability	$		$
OR			
Bodily Injury Liability and/or Property Damage Liability Combined	$		$

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

A. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.

B. You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:

1. **PER CLAIM BASIS.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:

   a. Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";

   b. Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or

   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:

      (1) "Bodily injury";

      (2) "Property damage"; or

      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence".

   If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.

   With respect to "property damage", person includes an organization.

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2. **PER OCCURRENCE BASIS.** If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:
   a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";
   b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or
   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:
      (1) "Bodily injury";
      (2) "Property damage"; or
      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

C. The terms of this insurance, including those with respect to:
   1. Our right and duty to defend the insured against any "suits" seeking those damages; and
   2. Your duties in the event of an "occurrence", claim, or "suit"

   apply irrespective of the application of the deductible amount.

D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

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COMMERCIAL GENERAL LIABILITY
CG 21 47 07 98

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs **(a)**, **(b)**, or **(c)** above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

B. The following exclusion is added to Paragraph **2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs **(a)**, **(b)**, or **(c)** above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF LIQUOR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion c. of COVERAGE A (Section I) is replaced by the following:

c. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you:

(1) Manufacture, sell or distribute alcoholic beverages;

(2) Serve or furnish alcoholic beverages for a charge whether or not such activity:

(a) Requires a license;

(b) Is for the purpose of financial gain or livelihood; or

(3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

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COMMERCIAL GENERAL LIABILITY
CG 21 61 04 98

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS – PRODUCTS/COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following exclusion is added to Paragraph **2., Exclusions** of **Section I – Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to "bodily injury" or "property damage" included in the "products-completed operations hazard" definition and arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

(a) Computer hardware, including microprocessors;

(b) Computer application software;

(c) Computer operating systems and related software;

(d) Computer networks;

(e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **2.a.(1)** of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **2.a.** of this endorsement.

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COMMERCIAL GENERAL LIABILITY
CG 21 67 04 02

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FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2.**, Exclusions of **Section I – Coverage A – Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

B. The following exclusion is added to Paragraph **2.**, Exclusions of **Section I – Coverage B – Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.

b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

C. The following definition is added to the **Definitions** Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

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POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 24 26 07 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF INSURED CONTRACT DEFINITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Paragraph **9.** of the **Definitions** Section is replaced by the following:

9. "Insured contract" means:

a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

b. A sidetrack agreement;

c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

e. An elevator maintenance agreement;

f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

(1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;

(2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

(a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

(b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

(3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

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PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS (COMPLETED OPERATIONS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following provision is added to **SECTION II - WHO IS AN INSURED:**

6. Any person(s) or organizations(s) (referred to below as additional insured) with whom you are required in a written contract or agreement to name as an additional insured for the "products-completed operations hazard", but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work", at the location or project designated and described in the contract or agreement, performed for that additional insured and included in the "products-completed operations hazard".

A person's or organization's status as an additional insured under this endorsement ends when the obligation to provide additional insured status for the "products-completed operations hazard" in the written contract or agreement ends.

B. With respect to insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

1. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

2. Supervisory, inspection, architectural or engineering activities.

C. The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

D. With respect to the coverage provided by this endorsement, **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph **4. Other Insurance**, Subparagraph **a. Primary Insurance**, is deleted and replaced by the following:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below, except;

(1) If a written contract or agreement that requires any person(s) or organization(s) to be an additional insured also requires this insurance to be primary and noncontributory, then this insurance is primary over any other insurance in which the additional insured is a Named Insured. We will not seek contribution from any other liability policy in which the additional insured is a Named Insured.

E. The coverage provided by this endorsement does not apply to any person(s) or organization(s) specifically named as additional insured in any policy issued by "us".

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PLAINTIFF'S EXHIBIT 28