



HOME INSPECTOR'S APPLICATION CHECKLIST

To assure that your FREA application and insurance binder are processed and issued without delay, please be sure to include the following items. **If any of the applicable items below are not included, your application WILL NOT be processed.**

- ANSWER ALL OF THE INSURANCE INFORMATION QUESTIONS ON PAGE 5** - If you answer "yes" to any of these questions, you must provide a detailed explanation. (If you have had a claim, you must provide details such as: date of the suit, the stated reason for the action, the amount you were sued for and the current status of the suit.)
- SUMMARY OF QUALIFICATIONS** - Please enclose a copy of your resume outlining your training/education and professional designation(s). If applying for candidate coverage you do not need to submit a resume, only certificate of education/training.
- PROOF OF EDUCATION** - Please include training certificates or letters of completion from your education provider. *(Required only if inspector has less than 2 years of inspection experience)*
- PRE-INSPECTION AGREEMENT** – please submit a blank copy of your pre-inspection agreement. PLEASE NOTE: There will be no coverage unless a pre-inspection agreement has been signed by the customer prior to the inspection.
- LOSS-RUN REPORT** - If you are currently insured, you must obtain an up-to-date loss/run report from your existing carrier and submit it with this application. A loss-run report is a report of your claims history and is required even if you have not had any claims to date.
- PROOF OF RETRO-ACTIVE COVERAGE** – If you desire retro-active coverage, please include proof of continuous coverage back to the retroactive date requested. Requested retro date must have an exact start date (MM/DD/YYYY). Retroactive coverage is not available for occurrence policies.
- CORPORATE NAME** – Corporate coverage is optional. If you desire your corporation to be named as co-insured you must include the corporation name on the application along with your individual name (a company cannot be named solely).
- PEST, GENERAL LIABILITY OR BOND COVERAGE** - If you require pest, general liability or bond coverage, please check the appropriate box on page 4.
- PAYMENT** - payment must be received before an insurance binder can be issued. If you are paying by credit card (VISA / MasterCard / Discover / AMEX) you must include the card number, expiration date and you must sign the credit card agreement. Credit cards will not be charged until the application is approved by underwriting.
- SIGNED INSTALLMENT PLAN AGREEMENT** - If you would like to be on the installment plan, the installment plan agreement on page 6 must be signed. There is a \$350 enrollment fee to be on the installment plan.
- FAX NUMBER OR EMAIL ADDRESS ON PAGE 4** – Once your application is approved it will be processed and proof of coverage will be sent via fax or email. Your original binder along with a copy of the policy will then be mailed to you in 4-6 weeks time.
- ADDITIONAL INSURED REQUEST** – If you require an additional insured be added to your policy, a separate form is required and must be submitted along with this application. Please call 800-882-4410 to receive the additional insured request form.
- SIGN AND MAIL** - the completed original application to: FREA 4907 Morena Blvd. #1415 San Diego, CA 92117. An insurance binder cannot be issued until an application with a "wet signature" and payment are received.

BENEFITS PACKAGE (Included with all levels of coverage)

FREA's focus is not only to provide affordable Errors and Omissions insurance, but to offer additional benefits and discounts to help stay successful in today's competitive marketplace. All levels of membership include the following benefits:

GENERAL BENEFITS

- Use of FREA Logo

EDUCATION BENEFITS

Up to a 25% discount on continuing education at participating schools:

- Inspection Depot – Home Inspection Training
- Inspection Training Associates (ITA) – Home Inspection Training
- TWI Systems – Home Inspection Training
- Aerotech Technical Institute – Mold Inspection Training

BUSINESS SERVICES

- National Credit Systems - Low cost collections
- DHL - Discounted Shipping rates for members
- Center of the Sun Inc. - \$75 Savings on personalized answering services
- Market Hardware – \$200 Discount on website and logo design
- Aprosite.com – Discounted website development
- CommuniKate Unified Communication System – Discounted monthly rate
- 24-7 Scheduler – Discount on online scheduling system (\$75.00 off)

MISCELLANEOUS

- Avis Car Rental – Special association rates

For more information on any of these benefits, please visit our website at www.frea.com

ERRORS & OMISSIONS INSURANCE DEFINITIONS

Please read the following definitions carefully. If you still have questions about any of the coverage, please contact your FREA representative.

Errors & Omissions Insurance - E&O Insurance, also known as Professional Liability Insurance, covers professionals for negligent acts which stem from the professional services offered during their daily business activities. Professional liability policies offer broader coverage than Commercial General Liability policies in that they are not limited to personal injury and property damage.

MEMBERSHIP / ERRORS & OMISSIONS INSURANCE PRICING

| | Policy Limits (aggregate) | Deductible | Annual Fee |
|------------------------------|---------------------------|------------|------------|
| Class A Membership | \$1,000,000 | \$1,000 | \$3295.00 |
| Class B Membership | \$500,000 | \$1,000 | \$3195.00 |
| Class C Membership | \$300,000 | \$1,000 | \$2995.00 |
| Candidate Membership | \$500,000 | \$1,000 | \$3550.00 |
| Candidate Upgrade Membership | \$1,000,000 | \$1,000 | \$3850.00 |

Candidate Coverage – FOR NEW INSPECTORS: Candidate coverage is required for all inspectors who are new to the industry (less than 2 years experience). Actuarial data shows that inspectors are exponentially more likely to get a claim during their first 12 months of business. As long as applicants can show evidence of formal training from an approved school FREA can insure them under Candidate coverage. Once an applicant has had the candidate level of coverage for one year, he/she may switch to one of the less expensive levels (provided there has been no claims made against the applicant). The Candidate Coverage requires a minimum down payment of \$750 if you are opting for the installment plan.

Claims-Made Policy- A “claims-made” policy protects the policyholder against claims or incidents that are reported while the policy is in force, or during an “extended reporting period”. The negligent act, error or omission must have also occurred during the specific timeframe set by the policy. Once the policy lapses or is cancelled, coverage will no longer apply to any past inspections, unless you obtain tail coverage.

Tail Coverage- If you are not renewing your E&O policy you may want to purchase tail coverage. Tail coverage protects inspections you have performed prior to the expiration date of your current policy and is only available at the time of renewal. Tail coverage can be purchased for 75% of last years rates. If you are planning on purchasing this coverage, please call our office to inquire of the total cost due. Please note that a tail coverage policy must be paid in full at time of renewal.

Agent/Broker Referral Indemnity - Agent/Broker Referring coverage is included in all levels. It covers any real estate agent and/or broker who may hire or refer you for the purpose of performing a home or commercial inspection. In the event the referring party is named or enjoined in any claim against you, a defense will be provided and any damages up to your aggregate limit of liability will be paid.

OPTIONAL COVERAGE DEFINITIONS

Corporate Coverage - If you operate under a business name other than yourself, such as a Corporation, LLC, Sole Proprietorship, etc.; corporate coverage is available. If you want your business to be named as co-insured you must include the business name along with your individual name (a company cannot be named solely). This coverage is suggested if you employ any home inspectors or subcontractors. Please note that it will only provide coverage as long as the person preparing the inspection report has coverage in place the time the claim is made.

General Liability - The general liability policy covers bodily injury, property damage, personal injury and advertising injury to others. General Liability not available in Oregon.

WDI/WDO- Wood destroying insect means arthropod life which damages and can re-infest seasoned wood in a structure; namely termites, carpenter ants, wood boring beetles and wasps, carpenter bees, powder post beetles, and old house borers. Wood destroying organism means arthropod (same list) or plant life (wood decaying fungi) which damages and can re-infest seasoned wood in a structure. *This policy does not cover and WDI/WDO treatment or mitigation services.* WDI/WDO is **not** available in TX. **Mold coverage is not covered by WDI/WDO.**

Fidelity Bond - Purchasing a bond (a.k.a honesty bond) protects your clients against possible theft while you are at the residence/site. It offers the client peace of mind and provides the inspector with a valuable marketing tool.

OPTIONAL COVERAGE PRICING

| | Policy Limits (aggregate) | Deductible | Annual Fee |
|---------------------------------|---------------------------|-------------|------------|
| Corp Coverage Class A | Same as E&O | Same as E&O | \$330.00 |
| Corp Coverage Class B | Same as E&O | Same as E&O | \$320.00 |
| Corp Coverage Class C | Same as E&O | Same as E&O | \$300.00 |
| Corp Coverage Candidate | Same as E&O | Same as E&O | \$320.00 |
| Corp Coverage Candidate Upgrade | Same as E&O | Same as E&O | \$330.00 |
| General Liability | \$1,000,000 | \$500 | \$450.00 |
| WDI/WDO | Same as E&O | Same as E&O | \$495.00 |
| \$5K Fidelity Bond | \$5,000 | \$100 | \$75.00 |
| \$10K Fidelity Bond | \$10,000 | \$100 | \$135.00 |



**Professional Liability (E&O) Application
Residential /Commercial Inspection**

WEB

Inspector's Name (First) _____ (M.I.) _____ (Last) _____
 Address: _____ Date of Birth ____/____/____
 City: _____ State: _____ Zip: _____
 Home Phone: (_____) _____ Business Phone: (_____) _____
 Fax Number: (_____) _____ E-MAIL Address: _____
 Please indicate if you would like proof of coverage sent via fax or email: _____
 1.) Do you want corporation coverage? Yes _____ No _____ (Adding corporate coverage does NOT cover other inspectors whether employed by you directly or hired as subcontractors. Please refer to the coverage definitions on page 3. Additional premium is required.
 If yes, what is the name of the corporation? _____
 2) Years of home inspection experience: _____ Years of commercial inspection experience: _____
 3) How many inspections do you anticipate performing in the next 12 months? _____
 4) Do you perform inspections in a state which requires licensing or certification? Yes _____ No _____ If Yes, please list each state and any licensing or certification numbers: _____
 5) Are you currently designated with a professional organization and/or franchise? If yes, please list: _____
 6. Have you had a FREA membership anytime within the past 5 years? Yes _____ No _____

Designation desired: () RREI: Residential Real Estate Inspector (residential home inspection)
 () CREI: Commercial Real Estate Inspector (residential & commercial)

Please check (x) the level of membership and all optional coverage you are applying for:

| MEMBERSHIP / ERRORS & OMISSIONS INSURANCE | | | | CORPORATE COVERAGE (optional) | | | |
|---|-----------------------------|-----------------|------------|-------------------------------|---|-----------------------|------------|
| X | | Policy Limits | Deductible | Annual Fee | X | | Annual Fee |
| | Class A membership | \$1,000,000 E&O | \$1,000 | \$3295.00 | | Corp Coverage Class A | \$330.00 |
| | Class B membership | \$500,000 E&O | \$1,000 | \$3195.00 | | Corp Coverage Class B | \$320.00 |
| | Class C membership | \$300,000 E&O | \$1,000 | \$2995.00 | | Corp Coverage Class C | \$300.00 |
| | \$500K Candidate Membership | \$500,000 E&O | \$1,000 | \$3550.00 | | Corp Coverage Class B | \$320.00 |
| | \$1M Candidate Membership | \$1,000,000 E&O | \$1,000 | \$3850.00 | | Corp Coverage Class A | \$330.00 |

OPTIONAL COVERAGE (see page 2 for coverage definitions)

| X | | Policy Limits | Deductible | Annual Fee |
|---|---------------------|---------------|-------------|------------|
| | General Liability | \$1,000,000 | \$500 | \$450.00 |
| | WDI/WDO | Same as E&O | Same as E&O | \$495.00 |
| | \$5K Fidelity Bond | \$5,000 | \$100 | \$75.00 |
| | \$10K Fidelity Bond | \$10,000 | \$100 | \$135.00 |

INSURANCE INFORMATION

IMPORTANT: You Must Answer ALL of the Following Questions:

1. a. Do you currently have E&O coverage? Yes _____ No _____
b. If yes, what is the policy expiration date? _____
c. Name of Insurance Carrier? _____ (If Yes, a loss/run report from your existing carrier must be submitted.)
d. What type of policy is it? Claims Made _____ Occurrence _____ (NOTE: FREA does not offer retro active coverage for occurrence policies.)
2. What is desired effective date of insurance coverage? (MM/DD/YYYY) ____ / ____ / ____ (Date must be no earlier than the date the application is postmarked. If a date is not specified, the date the application is received by FREA will be the effective start date of the policy.)
3. Has any claim or suit alleging a negligent act, error or breach of duty been brought against the applicant within the past five (5) years?
No () Yes () **If yes, you must furnish complete details on a separate sheet.**
4. Does applicant have knowledge of any circumstances which could result in a claim or suit?
No () Yes () **If yes, you must furnish complete details on a separate sheet.**
5. Has applicant ever been criticized, censored, reprimanded or had any license suspended or revoked by any professional organization, regulatory agency or court?
No () Yes () **If yes, you must furnish complete details on a separate sheet.**
6. How many inspectors work for your firm (including yourself)? _____
Please note: E&O and GL policies are for an individual and do not cover other inspectors. Each inspector needs their OWN policy.
- 7a. Do you require retroactive coverage? No () Yes () In certain cases, if you are currently insured and have had continuous coverage back to the retroactive date requested, we can provide retroactive coverage. FREA does not offer retroactive coverage for occurrence policies.
- b. What is the desired Retroactive Date of insurance coverage? (MM/DD/YYYY) ____ / ____ / ____ **If you are requesting retro-active coverage, please include proof of continuous coverage back to the date requested.**

The coverage which applies to individual members is provided by a "Claims Made" master policy issued to the Foundation of Real Estate Appraisers. If applicant has added corporate name on policy, coverage applies ONLY for you as corporate principal. Your personal and corporate assets will be covered under this policy. This policy does not cover other home inspectors, whether employed by you directly or hired as subcontractors. Additional inspectors must apply for coverage separately and have their own policy in force.

Coverage will apply only when:

1. You are engaged in the inspection of real property. There is no coverage for any other activity.
2. You are in strict compliance with the standards promulgated by a Member's governing state agency or the standards of those professional organizations on the Group Sponsor's approved list as of the beginning of each respective Membership Term.
3. Coverage is for policyholder only and does not cover work performed by non-member.
4. **A pre-inspection agreement has been signed by the customer**
5. Coverage does not include Termite inspections. (termite coverage is available.)

A "claims-made" policy protects the policyholder against claims or incidents that are reported while the policy is in force, or during an "extended reporting period". The negligent act, error or omission must have also occurred during the specific timeframe set by the policy. Once the policy lapses or is cancelled, coverage will no longer apply to any past inspections, unless tail coverage has been obtained.

I certify that all the statements and information set forth in this Membership Application and any attachment submitted herewith are true and that no material facts have been suppressed or misstated. I understand that signing the Membership Application does not obligate FREA to grant membership or the insurance company contracted by FREA to provide any membership insurance benefit. I do agree that the statements and information contained in and submitted with this Membership Application will be relied upon by FREA and its contracted insurance company should this application be approved. I further understand that the Underwriters reserve the right to amend the terms, conditions, limitations and coverage of any policy that is issued pursuant to this application, if subsequent to the date of this application, but prior to the inception of such a policy, there are any material alterations to the information contained herein. In the event of such material alteration the Applicant agrees to give immediate written notice to Underwriters and such notice shall attach to and form part of this application.

Printed Name: _____

Signature: _____ Date _____

(Date can be no later than desired effective date on question 1 above.) Collection by FREA of membership fee is a condition precedent to the effectuation and continuation of membership. In the event of the termination of membership for any reason, a Member will receive a pro rate return of the fee applicable to the unused portion of membership term, excluding the \$245.00 non-refundable membership fee.

FREA - 4907 Morena Blvd. #1415 San Diego, CA 92117 800-882-4410

I. PAYMENT OPTIONS

() **Option 1: Payment in Full** – I will pay for all fees in full by check or credit card. Make sure to mark all coverages on page 3 that you will be renewing and include them in your total cost. Please indicate payment method below.

() **Option 2: Installment Plan** - requires **\$350 due with the application (\$750 due for Candidate Coverage)**-This fee is on top of the cost of the insurance. All membership fees will be billed and are to be paid in 8 monthly installments subject to a \$25.00 late fee if not received within 10 days of the due date. If not received within 20 days of due date, FREA may cancel membership. Please indicate payment method below.

() **Monthly Billing** - Please mail me an invoice each month

() **Monthly Automatic Debit or ACH**– please debit my monthly installment each month from the credit card listed or from my bank account below.

I Agree to the Above Terms _____ Date _____

II. PAYMENT METHOD

I. CHECK

() I have enclosed a check payable to FREA in the amount of \$ _____.

II. CREDIT CARD

If paying by credit card, the agreement below must be signed in order for your membership and insurance to be processed. Visa, MasterCard and Discover accepted. American Express is accepted ONLY if paying in full.

() I approve FREA to deduct the **amount due of \$** _____ from the credit card listed below.

Credit Card #: _____ Expiration Date: _____

CVV# (MC/VISA/DISC-*last three digits on the BACK of the card*; AMEX- *four numbers on front of card*): _____

Cardholder Name: _____

Cardholder Billing Address: _____

City: _____ State: _____ Zip Code: _____

Signature: _____ Date: _____

III. ACH (Automated Clearing House)

() I authorize FREA to deduct the amount due of \$ _____ from the bank account on my voided check.

Bank Account: Checking Savings

Please attach the following:

Voided check

Signature: _____ Date: _____