

05-979-CD
R. Milgrub vs Continental Casualty Co

Richard Milgrub v. Cont. Cas. Co
2005-979-CD

FILED

JUL 07 2005
0122506

William A. Shaw
Prothonotary/Clerk of Courts

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KATZ, COHEN & PRICE, P.C.
By: SAMUEL COHEN
ATTORNEY I.D. NO.: 27544
117 SOUTH 17th STREET
SUITE 2010
PHILADELPHIA, PA 19103
(215) 636-0400

ATTORNEY FOR PLAINTIFFS

2005-979-CV

RICHARD H. MILGRUB	:	COURT OF COMMON PLEAS
211 NORTH SECOND STREET	:	
CLEARFIELD, PA 16830	:	
vs	:	CLEARFIELD COUNTY
CONTINENTAL CASUALTY COMPANY	:	
CNA PLAZA	:	
CHICAGO, IL. 60685	:	

COMPLAINT SEEKING DECLARATORY AND INJUNCTIVE RELIEF

COMES NOW Plaintiff Richard H. Milgrub by his counsel, Katz, Cohen & Price, P.C., by Samuel Cohen and desiring to file this action for Declaratory and Injunctive Relief avers in support thereof the following:

1. Plaintiff Richard H. Milgrub is an adult individual who is a citizen and resident of the Commonwealth of Pennsylvania having a professional office and regularly conducting business at 211 North Second Street Clearfield, Clearfield County.
2. Defendant Continental Casualty Company is, a corporation regularly conducting insurance business in the Commonwealth of Pennsylvania having a regular office at 40 Wall Street, 8th Floor New York, NY.
3. At all times material hereto, Defendant acted by and through its authorized

agents, servants, workmen and/or employees each of whom was working within the course and scope of his/her agency and/or employment with Defendant.

4. At all times material hereto, Plaintiff Richard H. Milgrub was and is an attorney licensed to practice law in the Commonwealth of Pennsylvania.

5. At all times material hereto, there existed in full force and effect a lawyer's professional liability policy issued by Defendant to Plaintiff. A true and correct copy of said policy is attached hereto made part hereof and marked Exhibit "1".

6. In or about November 2004, Robert A. Brown and Shellie L. Brown filed a lawsuit in the Court of Common Pleas of Clearfield County against Plaintiff and his wife. A true and correct copy of said lawsuit is attached hereto made part hereof and marked Exhibit "2".

7. Said lawsuit alleges, inter alia, professional negligence committed by Plaintiff.

8. The lawsuit set forth in Exhibit "2" triggers coverage during the period that coverage under the policy marked under Exhibit "1" was in effect.

9. The policy of insurance issued by Defendant to Plaintiff provided for liability coverage of \$500,000.00 per claim and \$1,000,000.00 in the aggregate with an aggregate deductible of \$5,000.00.

10. Plaintiff timely and properly reported the claim and the filing and service of the lawsuit to Defendant.

11. Despite the provisions of the policy, Defendant has denied coverage to

Plaintiff for the reasons set forth in correspondence dated February 25, 2005 from Richard A. Simpson, Esquire of the Law Firm of Ross, Dixon and Bell, LLP a true and correct copy of which is attached hereto made part hereof and marked Exhibit "3".

12. Plaintiff has complied in all respects with the provisions of the policy required in order to trigger coverage.

13. The controversy poses an issue for judicial determination under the Declaratory Judgement Act.

14. The controversy involves substantial rights of the parties to the action.

15. A judgement of the Court in this action will serve a useful purpose in clarifying and settling the legal relations at issue between the parties.

16. A judgement of the Court in this action will determine, terminate and afford relief from the uncertainty and controversy giving rise to this action.

WHEREFORE, Plaintiff Richard H. Milgrub, respectfully requests that the Court enter a ORDER:

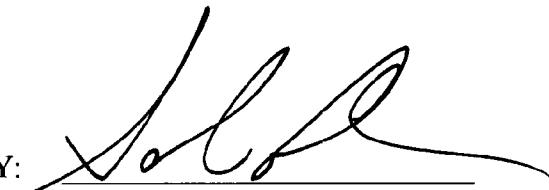
a. Declaring that Defendant is required to provide liability coverage on behalf of the Plaintiff as a result of the claims set forth in Exhibit "2";

b. Enjoining the Defendant from denying coverage and defense for any claim made in Exhibit "2" for professional liability;

c. Requiring Defendant to pay the costs of defense and provide coverage up to its limits under the policy;

- d. Awarding counsel fees, costs and interest as permitted by law; and
- e. Awarding such relief as the Court deems just and proper under the circumstances.

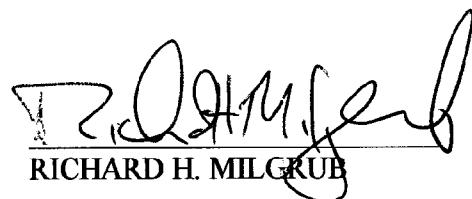
KATZ, COHEN & PRICE

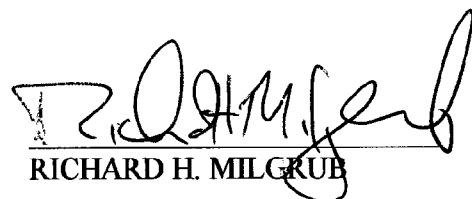
BY: 
SAMUEL COHEN

DATED: 2/5/05

VERIFICATION

I, Richard H. Milgrub, verify that I am the Plaintiff in this matter and that the averments of fact set forth in the foregoing **COMPLAINT SEEKING DECLARATORY AND INJUNCTIVE RELIEF** are true and correct to the best of my personal knowledge, information and belief. I understand that this Verification is made subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsification to authorities.




RICHARD H. MILGRUB

DATED: 7/17/05

FEB. 24, 2005 11:07AM
MOVING DAY7323985333
JOSEPH HURT-HOFFMANNO. 7332 P. 3
NO. 662 P. 12

**LAWYERS PROFESSIONAL LIABILITY POLICY
DECLARATIONS ADDENDUM**

Item 1.B. PREDECESSOR FIRM(S):

NONE

FEB. 24, 2005 11:07AM

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NO. 7332

P. 4
F. 15

004



CONTINENTAL CASUALTY COMPANY
CNA PLAZA
CHICAGO, ILLINOIS 60685

LAWYERS PROFESSIONAL LIABILITY POLICY

ATTORNEY SCHEDULE

Policy Number: 249664564

Name of Each Lawyer

Brian K Marshall

Richard H Milgrub

Social Security Number

173-56-2999

164-40-5297

FEB. 24, 2005, 11:07AM

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NO. 7332 P. 5
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INSURANCE IN TOUCH WITH BUSINESS

CONTINENTAL CASUALTY COMPANY
CNA PLAZA
CHICAGO, ILLINOIS 60685

LAWYERS PROFESSIONAL LIABILITY POLICY

EACH CLAIM DEDUCTIBLE ENDORSEMENT

In consideration of a premium credit, it is understood and agreed that Item 4. of the Declarations is deleted and replaced in its entirety by the following:

4. DEDUCTIBLE: Each claim: \$5,000
inclusive of claims expenses

It is further understood and agreed that Section II, LIMITS OF LIABILITY AND DEDUCTIBLE, paragraph (C), entitled Deductible, is deleted in its entirety, and the following is substituted in place thereof:

(C) Deductible - Each Claim

The deductible amount stated in the Declarations for "each claim" applies to each and every claim made against an Insured. It shall be paid by the Named Insured and applies to the payment of damages and claims expenses for claims both first made against the Insured and reported to the Company in writing during the policy period. In the event the Named Insured fails to pay, the deductible shall be paid jointly and severally by all Insureds. The limits of liability set forth in the Declarations are in addition to and in excess of the deductible.

All other terms and conditions of the Policy remain unchanged.

POLICY NO. 249664564

THIS ENDORSEMENT FORMS A PART OF THE ABOVE REINFORCED POLICY, AND TAKES EFFECT ON THE EFFECTIVE DATE AND HOUR OF SAID POLICY UNLESS ANOTHER EFFECTIVE DATE IS SHOWN BELOW, AND EXPIRES CONCURRENTLY WITH SAID POLICY.

ISSUED TO: RICHARD H. MILGRIDE

**EFFECTIVE DATE
 OF THIS ENDORSEMENT 08/01/2003**

Complete only when this Endorsement is not prepared with the Policy or is not to be effective with the Policy
 Countersigned by _____

AUTHORIZED REPRESENTATIVE

FEB. 24, 2005, 11:07AM

7323985333 RT-HOFFMAN

NO. 7332 P. 6

INSURANCE IN TOUCH WITH YOU

CONTINENTAL CASUALTY COMPANY
CNA PLAZA
CHICAGO, ILLINOIS 60685

LAWYERS PROFESSIONAL LIABILITY POLICY

OFFICE SHARING EXCLUSION ENDORSEMENT

It is understood and agreed that the following paragraph is added to Section IV Exclusions:

This Policy does not apply to any claim based on or arising out of any acts or omissions of any entity who is not an Insured under this Policy but with whom an Insured shares common office space.

All other terms and conditions of the Policy remain unchanged.

POLICY NO.249664564

THE ENDORSEMENT FORMS A PART OF THE ABOVE REFERENCED POLICY, AND TAKES EFFECT ON THE EFFECTIVE DATE AND HOUR OF SAID POLICY UNLESS ANOTHER EFFECTIVE DATE IS SHOWN BELOW, AND EXPIRES CONCURRENTLY WITH SAID POLICY.

ISSUED TO: RICHARD H. MILGRUB

EFFECTIVE DATE
OF THIS ENDORSEMENT 02/01/2003

Complete only when this Endorsement is not prepared with the Policy or is not to be effective with the Policy
Countersigned by _____

AUTHORIZED REPRESENTATIVE

FEB. 24, 2005 11:07AM

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NO. 7332 P. 7

INSURANCE IN TODAY'S WORLD BUSINESS

CONTINENTAL CASUALTY COMPANY
CNA PLAZA
CHICAGO, ILLINOIS 60685

LAWYERS PROFESSIONAL LIABILITY POLICY

AMENDMENT OF TERMINATION PROVISIONS
PENNSYLVANIA

It is understood and agreed that Condition L Cancellation/Nonrenewal is deleted and replaced in its entirety by the following:

L. Cancellation, Nonrenewal and Renewal

1. Cancellation

- a. This Policy may be cancelled by the Named Insured by returning it to the Company. The Named Insured may also cancel this Policy by written notice to the Company stating at what future date cancellation is to be effective.
- b. The Company may cancel this Policy by mailing, or by delivery of a written notice of cancellation to the Named Insured at the address last known to the Company. Notice will state the effective date and specific reason for cancellation. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Named Insured or by the Company shall be equivalent to mailing.
- c. If the Policy has been in effect for less than 60 days, the Company will provide written notice at least 30 days prior to the effective date of cancellation.
- d. If this Policy has been in effect for 60 days or more, or if it is a renewal of a policy issued by the Company, the Company may cancel only for one or more of the following reasons:
 - (1) Nonpayment of premium when due, whether payable directly to the Company or its agent or indirectly under a premium finance plan or extension of credit, or failure to pay amounts in excess of the limit of the Company's liability or within the amount of the deductible;
 - (2) Material misrepresentation or fraud which affects the insurability of the risk;
 - (3) A condition, factor or loss experience material to insurability has changed substantially or a substantial condition, factor or loss experience material to the insurability has become known during the policy period;
 - (4) Loss of reinsurance or a substantial decrease in reinsurance has occurred which loss or decrease shall, at the time of cancellation, be certified by the Pennsylvania Commissioner of Insurance as directly affecting in force policies;
 - (5) Material failure to comply with policy terms, conditions or contractual liabilities; or
 - (6) Other reasons that the Pennsylvania Commissioner of Insurance may approve.

This Policy may also be cancelled from inception upon discovery that the Policy was obtained through fraudulent statements, omissions or concealment of facts material to the acceptance of the risk or to the hazard assumed by the Company.

FEB. 24, 2005, 11:07AM

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NO. 7332 P. 8
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If the Company cancels the Policy for reasons stated in 1.d.(1) or 1.d.(2) above, the Company will provide notice at least 15 days prior to the effective date of cancellation. If the Company cancels the Policy for any reason stated in 1.d.(3) through 1.d.(6), the Company will provide notice at least 60 days prior to the effective date of cancellation.

- c. If the Company cancels this Policy, the earned premium shall be computed pro rata and the unearned premium will be refunded to the Named Insured prior to the effective date of cancellation. If the Named Insured cancels this Policy, the Company shall retain the customary short rate proportion of the premium. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

2. Nonrenewal

If the Company elects to nonrenew this Policy, the Company will mail, or deliver written notice of nonrenewal to the Named Insured at the address last known to the Company, at least 60 days prior to the expiration date of this Policy. Notice will state the effective date of and specific reason for non-renewal. Delivery of such written notice by the Company shall be the equivalent of mailing.

3. Renewal

If the Company elects to renew this Policy, and increases the renewal premium, the Company will mail or deliver to the Named Insured at the address last known to the Company written notice of the Company's intent to increase premium at least 30 days prior to the effective date of the premium increase.

All other terms and conditions of the Policy remain unchanged.

POLICY NO.249664564

THIS ENDORSEMENT FORMS A PART OF THE ABOVE REFERENCED POLICY, AND TAKES EFFECT ON THE EFFECTIVE DATE AND HOUR OF SAID POLICY UNLESS ANOTHER EFFECTIVE DATE IS SHOWN BELOW, AND EXPIRES CONCURRENTLY WITH SAID POLICY.

ISSUED TO: RICHARD H. MILGRUB

EFFECTIVE DATE
OF THIS ENDORSEMENT 08/01/2003

Complete only when this Endorsement is not prepared with the Policy or is not to be effective with the Policy
Countersigned by _____

AUTHORIZED REPRESENTATIVE

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CONTINENTAL CASUALTY COMPANY
CNA PLAZA
CHICAGO, ILLINOIS 60685

LAWYERS PROFESSIONAL LIABILITY POLICY

**RIGHT OF THE NAMED INSURED TO CLAIM INFORMATION
PENNSYLVANIA**

It is understood and agreed that the following special condition is added to the Policy:

RIGHT OF THE NAMED INSURED TO CLAIM INFORMATION:

The Company will provide the Named Insured with the following information relating to this and any preceding claims-made insurance this Company has issued to the Named Insured during the previous three (3) years:

1. A list or other record of each claim, not previously reported to any other insurer, of which the Company was notified. The Company will include the date and brief description of the claim if that information is available to it.
2. A summary by policy year, of payments made and amounts reserved, stated separately, under any applicable limit.

Amounts reserved are based upon the Company's judgment and are subject to change. They are subject to change and should not be regarded as ultimate settlement values.

If the Company cancels or elects not to renew this Policy, it will provide such information no later than thirty (30) days before the date of policy termination. In other circumstances, the Company will provide this information only if it receives a written request from the Named Insured sixty (60) days after the end of the policy period. In this case, the Company will provide this information within forty-five (45) days of receipt of the request.

The Company compiles claim information for its own business purposes and exercises reasonable care in doing so. It makes no representations or warranties to any Insured, or to any others to whom this information is furnished. Cancellation or nonrenewal will be effective even if the Company inadvertently provides inaccurate information.

All other terms and conditions of the Policy remain unchanged.

POLICY NO. 248664564

THIS ENDORSEMENT FORMS A PART OF THE ABOVE REFERENCED POLICY, AND TAKES EFFECT ON THE EFFECTIVE DATE AND HOUR OF SAID POLICY UNLESS ANOTHER EFFECTIVE DATE IS SHOWN BELOW, AND EXPIRES CONCURRENTLY WITH SAID POLICY.

ISSUED TO: RICHARD H. MILGRUB

**EFFECTIVE DATE
OF THIS ENDORSEMENT 08/01/2003**

Complete only when this Endorsement is not prepared with the Policy or is not to be effective with the Policy
Countersigned by _____

AUTHORIZED REPRESENTATIVE

FEB. 24, 2005-11:07AM

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INSURANCE IN TODAY'S BUSINESS

CONTINENTAL CASUALTY COMPANY
CNA PLAZA
CHICAGO, ILLINOIS 60685

LAWYERS PROFESSIONAL LIABILITY POLICY
AMENDATORY ENDORSEMENT - PREDECESSOR FIRM

It is understood and agreed that the policy is amended by the addition of the following:

- A. Notwithstanding the definition of predecessor firm as set forth in Section III, paragraph M., any firm who qualified as a predecessor firm under a lawyer's professional liability insurance policy previously issued by this Company, is deemed to be a predecessor firm within the definition of this Policy.

All other terms and conditions of the Policy remain unchanged.

POLICY NO.249664564

THIS ENDORSEMENT FORMS A PART OF THE ABOVE REFERENCED POLICY, AND TAKES EFFECT ON THE EFFECTIVE DATE AND HOUR OF SAID POLICY UNLESS ANOTHER EFFECTIVE DATE IS SHOWN BELOW, AND EXPIRES CONCURRENTLY WITH SAID POLICY.

ISSUED TO: RICHARD H. MILGRUB

EFFECTIVE DATE
OF THIS ENDORSEMENT 08/01/2003

Complete only when this Endorsement is not prepared with the Policy or is not to be effective with the Policy
Countersigned by _____

AUTHORIZED REPRESENTATIVE

FEB. 24, 2005, 11:08AM

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INSURANCE IS TOUCH WITH BUSINESS

CONTINENTAL CASUALTY COMPANY
CNA PLAZA
CHICAGO, ILLINOIS 60625

LAWYERS PROFESSIONAL LIABILITY POLICY

**AMENDATORY ENDORSEMENT- CONDITIONS
PENNSYLVANIA**

It is understood and agreed that V. Conditions J., Changes, is deleted and replaced in its entirety by the following:

J. Changes

None of the provisions of this Policy will be waived, changed or modified except by written endorsement, signed by the Company, issued to form part of this Policy.

It is further understood and agreed that V. Conditions M., Entire contract is deleted and replaced in its entirety by the following:

M. Entire contract

By acceptance of this Policy the Insured agrees that:

1. all of the information and statements provided to the Company by the Insured are true, accurate and complete.
2. this Policy is issued in reliance upon such information and statements provided by the Insured.
3. this Policy, endorsements thereto, together with the completed and signed application and any supplementary information and statements provided by the Insured to the Company (all of which are deemed to be incorporated herein) embody all of the agreements existing between the Insured and Company and shall constitute the entire contract between the Insured and the Company; and
4. falsity of any statement in the application for any policy shall not bar the right of recovery thereunder unless such false statement was made with the actual intent to deceive or unless it materially affected either the acceptance of the risk or the hazard assumed by the Company.

All other terms and conditions of the policy remain unchanged.

FEB. 24, 2005 11:08AM

7323985333 RT-HOFFMAN

NO. 7332 P. 12

REINSURANCE POLICY FORMS BUSINESS

POLICY NO. 249664564

THIS ENDORSEMENT FORMS A PART OF THE ABOVE REFERENCED POLICY, AND TAKES EFFECT ON THE EFFECTIVE DATE AND HOUR OF SAID POLICY UNLESS ANOTHER EFFECTIVE DATE IS SHOWN BELOW, AND EXPIRES CONCURRENTLY WITH SAID POLICY.

ISSUED TO: RICHARD H. MILGRUB

EFFECTIVE DATE
OF THIS ENDORSEMENT 08/01/2003Complete only when this Endorsement is not prepared with the Policy or is not to be effective with the Policy
Completed and signed by _____

AUTHORIZED REPRESENTATIVE

FEB. 24, 2005 11:08AM

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CONTINENTAL CASUALTY COMPANY
CNA PLAZA
CHICAGO, ILLINOIS 60685

LAWYERS PROFESSIONAL LIABILITY POLICY

COVERAGE OF AND CAP ON LOSSES FOR CERTIFIED ACTS OF TERRORISM

In consideration of the premium charge of \$0, it is agreed as follows:

1. The **DEFINITIONS** section is amended by the addition of the following new term:

"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:

- a. The act resulted in aggregate losses in excess of \$5 million; and
- b. 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.

2. This Policy provides coverage for losses arising from Certified Acts of Terrorism subject to all other terms and conditions of this policy.
3. Under the federal Terrorism Risk Insurance Act of 2002, any losses caused by Certified Acts of Terrorism will be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.
4. With respect to any one or more Certified Acts of Terrorism, the Insurer will not pay any amounts for which the Insurer is 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 in such law which results in a cap on the Insurer's liability for payments for terrorism losses.

All other provisions of the Policy remain unchanged.

POLICY NO.349664964

THE ENDORSEMENT BECOMES A PART OF THE ABOVE REFERENCED POLICY, AND TAKES EFFECT ON THE EFFECTIVE DATE AND HOUR OF SAID POLICY UNLESS ANOTHER EFFECTIVE DATE IS SHOWN BELOW, AND EXPIRES CONCURRENTLY WITH SAID POLICY.

ISSUED TO: RICHARD H. MILGRUB

**EFFECTIVE DATE
OF THIS ENDORSEMENT 06/01/2003**

Complete only when this Endorsement is not prepared with the Policy or is not to be effective with the Policy
 Countersigned by _____

AUTHORIZED REPRESENTATIVE

IMPORTANT INFORMATION

POLICYHOLDER DISCLOSURE

NOTICE OF INSURANCE COVERAGE

FOR ACTS OF TERRORISM

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, effective November 26, 2002, that you are entitled to insurance coverage for losses arising out of acts of terrorism, as defined in the Act, subject to all applicable policy provisions.

You should know that any covered losses caused by acts of terrorism will be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The premium as of this date that is attributable to coverage for acts of terrorism is \$0.

CONTINENTAL CASUALTY COMPANY
CNA PLAZA
CHICAGO, ILLINOIS 60685

LAWYERS PROFESSIONAL LIABILITY POLICY

Words and phrases that appear in bold are defined in the Definitions section of this Policy.

THIS IS A CLAIMS MADE AND REPORTED POLICY. IT APPLIES ONLY TO THOSE CLAIMS THAT ARE BOTH FIRST MADE AGAINST THE INSURED AND REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD. PLEASE REVIEW THIS POLICY CAREFULLY AND DISCUSS THIS COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

I. INSURING AGREEMENT

A. Coverage

The **Company** agrees to pay on behalf of the **Insured** all sums in excess of the deductible that the **Insured** shall become legally obligated to pay as **damages** and **claim expenses** because of a **claim** that is both first made against the **Insured** and reported in writing to the **Company** during the **policy period** by reason of an **act** or **omission** in the performance of **legal services** by the **Insured** or by any person for whom the **Insured** is legally liable, provided that:

1. the **Insured** did not give notice to a **prior insurer** of such **claim** or a **related claim**;
2. the **Insured** did not give notice to a **prior insurer** of any such **act** or **omission** or **related act or omission**;
3. prior to:
 - a. the inception date of the first policy issued by the **Company** or any subsidiary or affiliate of the **Company**, if continuously renewed; or,
 - b. the date the **Insured** first became a member or employee of the **Named Insured** or **predecessor firm**, whichever is later, no **Insured** had a basis to believe that any such **act** or **omission**, or **related act or omission**, might reasonably be expected to be the **basis of a claim**;
4. there is no other policy, whether primary, contributory, excess, contingent or otherwise, which provides insurance to any **Insured** for the **claim** based on or arising out of an **act** or **omission** in the performance of

legal services by such Insured or by any person for whom the Insured is legally liable while affiliated with a firm other than the Named Insured.

B. Defense

The Company shall have the right and duty to defend in the Insured's name and on the Insured's behalf a claim covered by this Policy even if any of the allegations of the claim are groundless, false or fraudulent. The Company shall have the right to appoint counsel and to make such investigation and defense of a claim as is deemed necessary by the Company. If a claim shall be subject to arbitration or mediation, the Company shall be entitled to exercise all of the Insured's rights in the choice of arbitrators or mediators and in the conduct of an arbitration or mediation proceeding.

C. Settlement

The Company shall not settle a claim without the written consent of the Named Insured. If the Named Insured refuses to consent to a settlement or compromise recommended by the Company and acceptable to the claimant, then the Company's limit of liability under this Policy shall be reduced to the amount for which the claim could have been settled plus all claim expenses incurred up to the time the Company made its recommendation, which amount shall not exceed the remainder of the limit of liability specified in Section II.A.

D. Exhaustion of limits

The Company is not obligated to investigate, defend, pay or settle, or continue to investigate, defend, pay or settle a claim after the applicable limit of the Company's liability has been exhausted by payment of damages or claim expenses or by any combination thereof or after the Company has deposited the remaining available limits of liability into a court of competent jurisdiction. In such case, the Company shall have the right to withdraw from the further investigation, defense, payment or settlement of such claim by tendering control of said investigation, defense or settlement of the claim to the Insured.

II. LIMITS OF LIABILITY AND DEDUCTIBLE

A. Limit of liability - each claim

Subject to paragraph B. below, the limit of liability of the Company for damages and claim expenses for each claim first made against the Insured and reported to the Company during the policy period shall not exceed the amount stated in the Declarations for each claim.

B. **Limit of liability - in the aggregate**

The limit of liability of the **Company** for **damages** and **claim expenses** for all **claims** first made against the **Insured** and reported to the **Company** during the **policy period** shall not exceed the amount stated in the **Declarations** as the **aggregate**.

C. **Deductible**

The deductible amount stated in the **Declarations** is the total amount of the **Insured's** liability for all **claims** and applies to the payment of **damages** and **claim expenses** for **claims** first made and reported to the **Company** in writing during the **policy period**. The deductible shall be paid by the **Named Insured**, or upon the **Named Insured's** failure to pay, jointly and severally by all **Insureds**. The limits of liability set forth in the **Declarations** are in addition to and in excess of the deductible.

D. **Multiple insureds, claims and claimants**

The limits of liability shown in the **Declarations** and subject to the provisions of this Policy is the amount the **Company** will pay as **damages** and **claim expenses** regardless of the number of **Insureds**, **claims** made or persons or entities making **claims**. If **related claims** are subsequently made against the **Insured** and reported to the **Company**, all such **related claims**, whenever made, shall be considered a single **claim** first made and reported to the **Company** within the **policy period** in which the earliest of the **related claims** was first made and reported to the **Company**.

E. **Supplementary payments**

Although not **Damages**, the **Company** will pay, in addition to the applicable limit of liability:

1. up to \$500.00 for loss of earnings to each **Insured** for each day or part of a day of such **Insured's** attendance, at the **Company's** request, at a trial, hearing or arbitration proceeding involving a **claim** against such **Insured**, but in no event shall the amount payable hereunder exceed \$10,000.00 per **Insured** despite the number of days the **Insured** is in attendance, or the number of trials, hearings or arbitration proceedings that the **Insured** is required to attend. In no event shall the amount payable hereunder exceed \$10,000.00 despite the number of **Insureds** hereunder or the number of such proceedings.

2. up to \$10,000.00 for any **Insured** and in the aggregate, for attorney fees and other reasonable costs, expenses or fees (the "Disciplinary Fees") resulting from a **Disciplinary Proceeding** incurred as the result of a notice of such **Disciplinary Proceeding** both first received by the **Insured** and reported to the **Company** during the **policy period**, arising out of an act or omission in the rendering of legal services by such **Insured**. Except as set forth below, the amount payable hereunder shall not exceed \$10,000.00 despite the number of **Insureds** hereunder or the number of such proceedings.

In the event of a determination of **No Liability of the Insured** against whom the **Disciplinary Proceeding** has been brought, the **Company** shall reimburse such **Insured** for **Disciplinary Fees**, including those in excess of the \$10,000 cap set forth above, up to \$100,000. In no event shall the amount payable hereunder exceed \$100,000 despite the number of **Insureds** hereunder or the number of such proceedings.

F. Risk Management Incentives

1. Mediation

If mediation of a **claim** takes place either without institution of arbitration proceeding or service of suit or within 60 days of the institution of such proceedings or service of suit, and such **claim** is ultimately resolved for an amount acceptable to the **Insured** and the **Company** by the process of mediation, the **Insured's** deductible, applying to the **claim**, will be reduced by 50%. In no event shall the amount of the deductible waived hereunder exceed \$25,000.

2. Subpoena Assistance

In the event the **Insured** receives a subpoena for documents or testimony arising out of legal services rendered by the **Insured** and the **Insured** would like the **Company's** assistance in responding to the subpoena, the **Insured** may provide the **Company** with a copy of the subpoena and the **Company** will retain an attorney to provide advice regarding the production of documents, to prepare the **Insured** for sworn testimony, and to represent the **Insured** at the **Insured's** depositions, provided that:

- a. the subpoena arises out of a lawsuit to which the **Insured** is not a party; and
- b. the **Insured** has not been engaged to provide advice or testimony in connection with the lawsuit, nor has the **Insured** provided such advice or testimony in the past.

Such legal counsel's fees incurred under this provision are in addition to the limits of liability and are not applicable to the deductible. Any notice the **Insured** gives the **Company** of such subpoena shall be deemed notification of a potential claim under Section V.A. of this Policy.

III. DEFINITIONS

Wherever used in this Policy:

- A. **"Bodily injury"** means injury to the body, sickness or disease sustained by any person, including death resulting from such injuries; or mental injury, mental anguish, mental tension, emotional distress, pain or suffering or shock sustained by any person whether or not resulting from injury to the body, sickness, disease or death of any person.
- B. **"Claim"** means a demand received by the **Insured** for money or services arising out of an act or omission, including **personal injury**, in the rendering of or failure to render **legal services**. A demand shall include the service of suit or the institution of an arbitration proceeding against the **Insured**.
- C. **"Claim expenses"** mean:
 - 1. fees charged by attorneys designated by the **Company** or by the **Insured** with the **Company's** written consent; and
 - 2. all other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a claim if incurred by the **Company**, or by the **Insured** with the written consent of the **Company**, including, but not limited to, premiums for any appeal bond, attachment bond or similar bond but without any obligation of the **Company** to apply for or furnish any such bond.

Claim expenses with respect to a claim will be paid first and payment will reduce the amount available to pay **damages**. **Claim expenses** shall not include fees, costs or expenses of employees or officers of the **Company**. Nor shall **claim expenses** include salaries, loss of earnings or other remuneration by or to any **Insured**.
- D. **"Company"** means the insurance company named in the Declarations.
- E. **"Damages"** mean judgments, awards and settlements, provided any settlement is negotiated with the assistance and approval of the **Company**. **Damages** do not include:
 - 1. legal fees, costs and expenses paid or incurred or charged by the

Insured, no matter whether claimed as restitution of specific funds, forfeiture, financial loss, set-off or otherwise, and injuries that are a consequence of any of the foregoing;

2. civil or criminal fines, sanctions, penalties or forfeitures, whether pursuant to law, statute, regulation or court rule, including but not limited to awards under 18 U.S.C. §1961, et. seq., Federal Rules of Civil Procedure 11 or 28 U.S.C. §1927 and state statutes, regulations, rules or law so providing, and injuries that are a consequence of any of the foregoing;
3. punitive or exemplary amounts;
4. the multiplied portion of multiplied awards;
5. injunctive or declaratory relief;
6. amounts for which the **Insured** is not financially liable or that are without legal recourse to the **Insured**.

F. **"Disciplinary Proceeding"** means any proceeding before a state or federal licensing board or a peer review committee to investigate charges alleging professional misconduct.

G. **"Insured"** means the **Named Insured**, predecessor firm and the persons or entities described below:

1. any lawyer, partnership, professional corporation, professional association, limited liability corporation or limited liability partnership who is or becomes a partner, officer, director, stockholder-employee, associate, manager, member or salaried employee of the **Named Insured** during the **policy period** shown in the Declarations.
2. any lawyer previously affiliated with the **Named Insured** or a predecessor firm as a partner, officer, director, stockholder-employee, associate, manager, member or salaried employee but only for legal services performed on behalf of the **Named Insured** or a predecessor firm at the time of such affiliation. The term "previously affiliated" as used herein does not include a lawyer who, during the **policy period** and while affiliated with the **Named Insured**: a) voluntarily ceases, permanently and totally, the private practice of law; or b) dies or becomes **totally and permanently disabled**. Such an lawyer will be deemed to be an **Insured** under paragraph one above;
3. any lawyer, law firm, partnership, professional corporation, professional association, limited liability corporation or limited liability partnership who acts as Of Counsel to the **Named Insured** or any non-employee independent contractor attorney to the **Named Insured**, but only for legal services rendered on behalf of the **Named Insured** and only if a fee inured to the **Named Insured** except that no fee need inure to the **Named Insured** where eleemosynary (pro bono) legal services are rendered by such Of Counsel **Insured** where at the time of retention, there was

- approval by the appropriate committee or lawyer within the **Named Insured** as a matter that would be handled without compensation. Any lawyer, law firm, partnership, professional corporation, professional association, limited liability corporation or limited liability partnership who acts as Of Counsel to the **Named Insured**, who previously qualified as an **Insured** under paragraph 1 above, but left the full time practice of law to practice exclusively as Of Counsel to the **Named Insured**, will be deemed to be an **Insured** under paragraph 1 above.
4. any person who is a former or current employee, other than an employed lawyer, of the **Named Insured** or any **predecessor firm**, but solely for services performed by such person within the course and scope of their employment by the **Named Insured** or any **predecessor firm** and provided that the services in dispute are **legal services** of the **Named Insured** or any **predecessor firm**;
 5. the estate, heirs, executors, administrators, assigns and legal representatives of an **Insured** in the event of such **Insured**'s death, incapacity, insolvency or bankruptcy, but only to the extent that such **Insured** would have been provided coverage under this Policy.

H. **"Legal services"** mean:

1. those services performed by an **Insured** for others as a lawyer, arbitrator, mediator, title agent or as a notary public. Any title agency or company, on whose behalf the **Insured** acts as title agent or designated issuing attorney, is not an **Insured** under this Policy;
2. those services performed by an **Insured** as an administrator, conservator, receiver, executor, guardian, trustee or in any other fiduciary capacity and any investment advice given in connection with such services.

I. **"Named Insured"** means the persons and entities designated in the Declarations.

J. **"No Liability"** means a final determination of no liability in favor of the **Insured** who is the subject of a **Disciplinary Proceeding**. In no event shall the term **"No Liability"** apply to a **Disciplinary Proceeding** for which a settlement has occurred, a determination of no further action is made, or the matter is abandoned by the disciplinary authority.

K. **"Personal injury"** is an injury resulting from an act or omission arising out of: false arrest, detention, or imprisonment; wrongful entry, or eviction, or other invasion of the right of private occupancy; libel, slander, or other disparaging or defamatory materials; a writing or saying in violation of an individual's right to privacy; malicious prosecution or abuse of process.

L. **"Policy period"** means the period of time between the inception date and time

shown in the Declarations and the date and time of termination, expiration or cancellation of this Policy.

- M. "**Predecessor firm**" means any entity which has undergone dissolution and is named as such on the Declarations.
- N. "**Prior insurer**" means an insurer, including the **Company** and any subsidiary or affiliate of the **Company**, who has issued a lawyers professional liability insurance policy that is applicable to a **claim**, such policy having an inception date prior to the policy period.
- O. "**Related acts or omissions**" mean all acts or omissions in the rendering of legal services that are temporally, logically or causally connected by any common fact, circumstance, situation, transaction, event, advice or decision.
- P. "**Related claims**" mean all claims arising out of a single act or omission or arising out of **related acts or omissions** in the rendering of legal services.
- Q. "**Totally and permanently disabled**" means that an **Insured** is so disabled as to be wholly prevented from rendering **legal services** provided that such disability:
 - 1. has existed continuously for not less than six (6) months; and
 - 2. is reasonably expected to be continuous and permanent.

IV. EXCLUSIONS

This Policy does not apply:

- A. to any **claim** based on or arising out of any dishonest, fraudulent, criminal or malicious act or omission by an **Insured** except that this exclusion shall not apply to **personal injury**. The **Company** shall provide the **Insured** with a defense of such **claim** unless or until the dishonest, fraudulent, criminal or malicious act or omission has been determined by any trial verdict, court ruling, regulatory ruling or legal admission, whether appealed or not. Such defense will not waive any of the **Company's** rights under this Policy. Criminal proceedings are not covered under this Policy regardless of the allegations made against the **Insured**;
- B. to any **claim** for **bodily injury**, or injury to, or destruction of, any tangible property, including the loss of use resulting therefrom except that the exclusion of **bodily injury** does not apply to mental injury, mental anguish, mental tension, or emotional distress caused by **personal injury**;

- C. to any loss sustained by an **Insured** or claim made against an **Insured** as beneficiary or distributee of any trust or estate;
- D. to any claim based on or arising out of the **Insured**'s alleged liability under any oral or written contract or agreement, unless such liability would have attached to the **Insured** in the absence of such agreement;
- E. to any claim by or on behalf of an **Insured** under this Policy against any other **Insured** hereunder unless such claim arises out of legal services by an **Insured** rendered to such other **Insured** as a client;
- F. to any claim based on or arising out of an **Insured**'s capacity as:
 - 1. a former, existing or prospective officer, director, shareholder, partner or manager of a business enterprise or charitable organization (if the above are not named in the Declarations); or
 - 2. a former, existing or prospective officer, director, shareholder, partner manager, or trustee of a fund or trust which is a pension, welfare, profit-sharing, mutual or investment fund or trust; or
 - 3. a fiduciary under the Employee Retirement Income Security Act of 1974 and its amendments or any regulation or order issued pursuant thereto or any other similar state or local law;except that this exclusion shall not apply to a claim based on or arising out of an **Insured**'s capacity as a member, director or officer of any professional legal association, its governing board or any of its committees.
- G. to any claim based on or arising out of an **Insured**'s capacity as a public official or an employee or representative of a governmental body, subdivision or agency unless the **Insured** is deemed as a matter of law to be a public official or employee or representative of such entity solely by virtue of rendering legal services to it;
- H. to any claim based on or arising out of legal services performed for any existing or prospective partnership, organization, corporation, company or other business enterprise (including the ownership, maintenance or care of any property in connection therewith), not named in the Declarations, if at the time of the act or omission giving rise to such claim:
 - 1. any **Insured** controlled, operated or managed or intended to control, operate or manage such enterprise; or
 - 2. any **Insured** was :
 - a. a partner or employee of such enterprise, or
 - b. more than a 10% shareholder or a sole proprietor of such enterprise, or
 - 3. **Insureds** cumulatively were more than a 10% shareholder of such enterprise,

except that this exclusion shall not apply to any **claim** based on or arising out of legal services to any professional legal association, its governing board or any of its committees. As used in this exclusion, the word "partner" shall be deemed to include members of limited liability companies or limited liability partnerships;

V. CONDITIONS

A. Notice of claims and potential claims

1. The **Insured**, as a condition precedent to the obligations of the **Company** under this Policy, shall immediately give written notice to the **Company** during the **policy period**:
 - a. of any **claim** made against the **Insured**;
 - b. of the **Insured**'s receipt of any notice, advice or threat, whether written or verbal, that any person or organization intends to hold the **Insured** responsible for any alleged breach of duty.
2. If during the **policy period** the **Insured** shall become aware of any act or omission that may reasonably be expected to be the basis of a **claim** against the **Insured** and gives written notice to the **Company** of such act or omission and the reasons for anticipating a **claim**, with full particulars, including but not limited to:
 - a. the specific act or omission;
 - b. the dates and persons involved;
 - c. the identity of anticipated or possible claimants;
 - d. the circumstances by which the **Insured** first became aware of the possible **claim**,then any such **claim** that is subsequently made against the **Insured** and reported to the **Company** shall be deemed to have been made at the time such written notice was given to the **Company**.

B. Innocent Insured

Whenever coverage under this Policy would be excluded, suspended or lost because of any exclusion relating to criminal, dishonest, fraudulent, or malicious conduct by any person insured hereunder, the **Company** agrees that such insurance, as would otherwise be afforded under this Policy, shall be applicable with respect to an **Insured** who did not personally participate or personally acquiesce in or remain passive (including failure to give timely notice) after having knowledge of such conduct. The **Company**'s obligation to pay damages under this Condition B will be excess of the full extent of the assets of any **Insured** involved in such criminal, dishonest, fraudulent, or malicious conduct.

C. Reimbursement of the Company

If the **Company**, in the exercise of its discretion and without any obligation to do so, pays any amount in excess of the applicable limits of liability or within the amount of the deductible, the **Named Insured**, or upon the **Named Insured's** failure to pay, the **Insureds**, jointly and severally, shall be liable to the **Company** for any and all such amounts and, upon demand, shall pay such amounts to the **Company**.

D. Territory

This Policy applies to an act or omission taking place anywhere in the world, provided that the **claim** is made and suit is brought against the **Insured** within the United States of America, including its territories, possessions, Puerto Rico or Canada.

E. Alternative dispute resolution

After the final adjudication or settlement of a **claim**, any dispute concerning allegations of bad faith or tort against the **Company** regarding the appropriateness or value of any settlement or final disposition of any **claim** that exceeds the deductible may be submitted to any form of alternative dispute resolution acceptable to the **Company** and the **Insured**. Should the **Company** and the **Insured** be unable to agree on the form of alternative dispute resolution, then such dispute shall be submitted to binding arbitration. Except as set forth below, the rules of the American Arbitration Association shall apply. The arbitration panel shall consist of one arbitrator selected by the **Company**, one arbitrator selected by the **Insured**, and one arbitrator selected by the first two arbitrators. If the two arbitrators selected cannot agree on a third arbitrator, then the American Arbitration Association shall appoint an arbitrator.

F. Other insurance

If there is other insurance that applies to the **claim**:

1. on a claims made basis, this insurance shall be excess over such other valid and collectible insurance whether such insurance is stated to be primary, contributory, excess, contingent or otherwise. This does not apply to insurance that is purchased by the **Named Insured** specifically to apply in excess of this insurance.
2. on an occurrence basis, this insurance shall be available in the amount by which the limit of liability for this Policy exceeds the applicable limit of liability of such other valid and collectible insurance. The difference shall be the maximum the **Company** shall pay under this Policy with

respect to a claim. If the applicable limit of liability of such other valid and collectible insurance is equal to or greater than the maximum payable under this Policy, then this Policy shall not afford any insurance with respect to such claim.

G. Assistance and cooperation of the Insured

1. The Insured shall cooperate with the Company and, upon the Company's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving of evidence, obtaining the attendance of witnesses, and the conduct of suits and proceedings in connection with a claim.
2. The Insured shall assist in the enforcement of any right of contribution or indemnity against any person or organization who or which may be liable to any Insured in connection with a claim.
3. The Insured shall not, except at its own cost, voluntarily make any payment, assume or admit any liability or incur any expense without the consent of the Company.

H. Action against the Company

No action shall lie against the Company unless, as a condition precedent thereto:

1. there shall have been full compliance with all the terms of this Policy; and
2. the Insured's obligation to pay shall have been finally determined either by judgment against the Insured after actual trial or by written agreement of the Insured, the claimant and the Company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. No person or organization shall have any right under this Policy to join the Company as a party to any action against an Insured, nor shall the Company be impleaded by the Insured or his legal representative. Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Company of any of its obligations hereunder.

I. Subrogation

In the event of any payment under this Policy, the Company shall be subrogated to all the Insured's rights of recovery thereof against any person or organization, including any rights such Insured may have against any other Insured involved in dishonest, fraudulent, criminal, malicious or intentional conduct. The Insured shall execute and deliver instruments and papers and do whatever else is

necessary to secure and collect upon such rights. The **Insured** shall do nothing to prejudice such rights.

J. Changes

Notice to any of the **Company**'s agents or knowledge possessed by any such agent or any other person shall not act as a waiver or change in any part of this Policy. It also will not prevent the **Company** from asserting any rights under the provisions of this Policy. None of the provisions of this Policy will be waived, changed or modified except by written endorsement, signed by the **Company**, issued to form a part of this Policy.

K. Assignment

No assignment of interest of the **Insured** under this Policy shall be valid, unless the written consent of the **Company** is endorsed hereon.

L. Cancellation/ Nonrenewal

1. This Policy may be canceled by the **Named Insured** by returning it to the **Company**. The **Named Insured** may also cancel this Policy by written notice to the **Company** stating at what future date cancellation is to be effective.
2. The **Company** may cancel or non-renew this Policy by written notice to the **Named Insured** at the address last known to the **Company**. The **Company** will provide written notice at least sixty (60) days before cancellation or non-renewal is to be effective. If the **Company** cancels this Policy because the **Insured** has failed to pay a premium when due or has failed to pay amounts in excess of the limit of the **Company**'s liability or within the amount of the deductible, this Policy may be canceled by the **Company** by mailing to the **Named Insured** written notice stating when, not less than ten (10) days thereafter, such cancellation shall be effective. The time of surrender of this Policy or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery (where permitted by law) of such written notice either by the **Named Insured** or by the **Company** shall be equivalent to mailing.
3. If the **Company** cancels this Policy, the earned premium shall be computed pro rata. If the **Named Insured** cancels this Policy, the **Company** shall retain the customary short rate proportion of the premium. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.
4. The offering of terms and conditions different from the expiring terms and conditions shall not constitute a refusal to renew.

M. Entire contract

By acceptance of this Policy the **Insured** agrees that:

1. all of the information and statements provided to the **Company** by the **Insured** are true, accurate and complete and shall be deemed to constitute material representations made by all of the **Insureds**;
2. this Policy is issued in reliance upon the **Insured's** representations;
3. this Policy, endorsements thereto, together with the completed and signed application and any and all supplementary information and statements provided by the **Insured** to the **Company** (all of which are deemed to be incorporated herein) embody all of the agreements existing between the **Insured** and the **Company** and shall constitute the entire contract between the **Insured** and the **Company**; and
4. the misrepresentation of any material matter by the **Insured** or the **Insured's** agent will render this Policy null and void and relieve the **Company** from all liability herein.

N. Named Insured sole agent

The **Named Insured** shall be the sole agent of all **Insureds** hereunder for the purpose of effecting or accepting any notices hereunder, any amendments to or cancellation of this Policy, for the completing of any applications and the making of any statements, representations and warranties, for the payment of any premium and the receipt of any return premium that may become due under this Policy, and the exercising or declining to exercise any right under this Policy.

O. Liberalization

If the **Company** adopts any revision that would broaden coverage under this policy form G-118011-A without additional premium at any time during the **policy period**, the broadened coverage will immediately apply to this Policy except that it will not apply to **claims** that were first made against the **Insured** prior to the effective date of such revision.

P. Notices

Any notices required to be given by an **Insured** shall be submitted in writing to the **Company** or its authorized representative. If mailed, the date of mailing of such notice shall be deemed to be the date such notice was given and proof of mailing shall be sufficient proof of notice.

VI. EXTENDED REPORTING PERIODS

As used herein, "extended reporting period" means the period of time after the end of the policy period for reporting claims by reason of an act or omission that occurred prior to the end of the policy period and is otherwise covered by this Policy.

A. Automatic extended reporting period

If this Policy is canceled or non-renewed by either the Company or by the Named Insured, the Company will provide to the Named Insured an automatic, non-cancelable extended reporting period starting at the termination of the policy period if the Named Insured has not obtained another policy of lawyers professional liability insurance within sixty (60) days of the termination of this Policy. This automatic extended reporting period will terminate after sixty (60) days.

B. Optional extended reporting period

1. If this Policy is canceled or non-renewed by either the Company or by the Named Insured, then the Named Insured shall have the right to purchase an optional extended reporting period. Such right must be exercised by the Named Insured within sixty (60) days of the termination of the policy period by providing:
 - a. written notice to the Company; and
 - b. with the written notice, the amount of additional premium described below.
2. The additional premium for the optional extended reporting period shall be based upon the rates for such coverage in effect on the date this Policy was issued or last renewed and shall be for one (1) year at 100% of such premium; two (2) years at 150% of such premium; three (3) years at 175% of such premium; six (6) years at 225% of such premium; or, for an unlimited period at 250% of such premium.

C. Death or disability extended reporting period

1. If an Insured dies or becomes totally and permanently disabled during the policy period, then upon the latter of the expiration of: the policy period; any renewal or successive renewal of this Policy; or any automatic or optional extended reporting period, such Insured shall be provided with a death or disability extended reporting period as provided below.
 - a. In the event of death, such Insured's estate, heirs, executors or administrators must, within sixty (60) days of the expiration of the policy period, provide the Company with written proof of the date of death. This extended reporting period is provided to the estate, heirs, executors and administrators of such Insured.
 - b. If an Insured becomes totally and permanently disabled, such

Insured or Insured's legal guardian must, within sixty (60) days of the expiration of the policy period, provide the Company with written proof that such Insured is totally and permanently disabled, including the date the disability commenced, certified by the Insured's physician. The Company retains the right to contest the certification made by the Insured's physician, and it is a condition precedent to this coverage that the Insured agree to submit to medical examinations by any physician designated by the Company. This extended reporting period is provided until such Insured shall no longer be totally or permanently disabled or until the death of such Insured in which case subparagraph a. hereof shall apply.

2. No additional premium will be charged for any death or disability extended reporting period.

D. Non-practicing extended reporting period

1. If an Insured retires or otherwise voluntarily ceases, permanently and totally, the private practice of law during the policy period and has been continuously insured by the Company for at least three consecutive years, then such Insured shall be provided with an extended reporting period commencing upon the latter of the expiration of: the policy period; any renewal or successive renewal of this Policy; or any automatic or optional extended reporting period.
2. This extended reporting period is provided until the death of such Insured in which case subparagraph C.1. hereof shall apply or, until such Insured shall resume the practice of law.
3. No additional premium will be charged for any non-practicing extended reporting period.

E. Extended reporting periods limits of liability

1. Automatic and optional extended reporting periods limits of liability
 - a. Where the Company has the right to nonrenew or cancel this Policy and it exercises that right, then the Company's liability for all claims reported during the automatic and optional extended reporting periods shall be part of and not in addition to the limits of liability for the policy period as set forth in the Declarations and Section II, Limits of Liability of this Policy.
 - b. If this Policy is canceled by the Named Insured or if the Company offers to renew this Policy, and the Named Insured refuses such renewal offer, then the Company's liability for all

claims reported during the automatic and optional extended reporting periods shall be reinstated to the limits of liability applicable to this Policy as set forth in Section II.A. and B. hereof.

2. Separate death or disability and non-practicing extended reporting period limits of liability

a. Limit of Liability - Each "Claim"

Subject to paragraph B. below, the **Company's** limit of liability for each claim first made against the **Insured**, and reported to the **Company** during the death or disability extended reporting period or non-practicing extended reporting period, shall not exceed the amount stated in the declarations as the "Each Claim Death or Disability and Non-Practicing extended reporting period limit of liability".

b. Limit of Liability - In the Aggregate

The limit of liability of the **Company** for all claims first made against the **Insured**, and reported to the **Company** during the death or disability extended reporting period or non-practicing extended reporting period, shall not exceed the amount stated in the Declarations as the "Aggregate Death or Disability and Non-Practicing extended reporting period limit of liability".

F. Elimination of right to any extended reporting period

There is no right to any extended reporting period:

1. if the **Company** shall cancel or refuse to renew this Policy due to:
 - a. non-payment of premiums; or
 - b. non-compliance by an **Insured** with any of the terms and conditions of this Policy; or
 - c. any misrepresentation or omission in the application for this Policy; or,
2. if at the time this right could be exercised by an **Insured**, such **Insured's** right to practice law has been revoked, suspended or surrendered at the request of any regulatory authority for reasons other than that the **Insured** is totally and permanently disabled.

G. Extended reporting period not a new policy

It is understood and agreed that the extended reporting period shall not be construed to be a new policy and any claim submitted during such period shall otherwise be governed by this Policy.

IN WITNESS WHEREOF, the Company has caused this Policy to be executed by its Chairman and Secretary, but this Policy shall not be binding upon the Company unless completed by the attachment of the Declarations and signed by a duly authorized representative of the Company.

Chairman of the Board

Bernard L. Augsburger

Secretary

Donald W. Hiner

EXHIBIT "2"

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY PENNSYLVANIA

CIVIL DIVISION

ROBERT A. BROWN and SHELLIE L.
BROWN, his wife

NO: *05-164-CJ*

Plaintiffs,

COMPLAINT IN CIVIL ACTION

vs.

RICHARD H. MILGRUB and
MARJORIE L. MILGRUB

Defendant.

FILED ON BEHALF OF:
Plaintiffs

COUNSEL OF RECORD FOR THIS
PARTY:

JURY TRIAL DEMANDED

John E. Quinn, Esquire
Pa. I.D. #23268

EVANS PORTNOY QUINN & O'CONNOR
FIRM #724
One Oxford Centre
36th Floor
Pittsburgh, PA 15219

412-765-3800

To the within-named Defendants,
you are hereby notified to file a written
answer to the enclosed Complaint
in twenty (20) days from service
or a default judgment may be
against you.

EVANS PORTNOY QUINN & O'CONNOR

John Quinn
for Plaintiffs

NOTICE

You have been sued in Court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this Complaint and Notice are served, by entering a written appearance personally or by the attorney and filing in writing with the Court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so, the case may proceed without you and a judgment may be entered against you by the Court without further notice for any money claimed in the Complaint or for any other claim or relief requested by the Plaintiffs. You may lose money or property or other rights important to you.

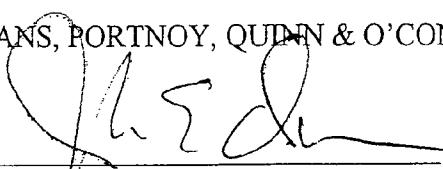
YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP. THIS OFFICE CAN PROVIDE YOU WITH INFORMATION ABOUT HIRING A LAWYER.

IF YOU CANNOT AFFORD TO HIRE A LAWYER, THIS OFFICE MAY BE ABLE TO PROVIDE YOU WITH INFORMATION ABOUT AGENCIES THAT MAY OFFER LEGAL SERVICES TO ELIGIBLE PERSONS AT A REDUCED FEE OR NO FEE.

David S. Meholic, Court Administrator
Clearfield County Courthouse
Clearfield, PA 16830
814.765.2641 x5982

EVANS, PORTNOY, QUINN & O'CONNOR

BY


John E. Quinn, Esquire

COMPLAINT IN CIVIL ACTION

1. Plaintiffs are individual residents of the County of Clearfield, Commonwealth of Pennsylvania.
2. Defendants are individual residents of the County of Centre, Commonwealth of Pennsylvania.
3. Man Defendant is an attorney duly admitted to practice law in the Commonwealth of Pennsylvania and maintains his principal place of business in the Borough of Clearfield, Clearfield County, Pennsylvania.
4. On or about September 9, 2003, Plaintiffs and Defendants entered into an Agreement of Sale for the purchase of real estate whereby the Plaintiffs were to purchase real property, more commonly known as R. D. 3, Box 287, Clearfield, Clearfield County, Pennsylvania for the purchase price of \$255,000.00. A true and correct copy of the Agreement of Sale entered into between the parties is attached hereto, marked as Exhibit "A" and incorporated herein. Man Defendant prepared the Agreement of Sale for execution by all parties.
5. At all times pertinent hereto, the Man Defendant represented Plaintiffs in the real estate transaction whereby Plaintiffs were purchasing property owned by Defendants in return for which Plaintiffs agreed and did pay the Man Defendant legal fees. As such, Man Defendant at all times pertinent hereto stood in a fiduciary relationship with the Plaintiffs.
6. At or about the same time that the Man Defendant prepared the said Agreement of Sale, Man Defendant prepared for signature by himself and his wife (the Defendants) the

12. Plaintiffs agreed to close on the property which closing occurred on October 24, 2003. An associate attorney of the Man Defendant was the closing agent. Man Defendant, through his law firm, represented Plaintiffs through closing. A true and correct copy of the settlement statement for the closing signed by all parties is attached hereto, marked as Exhibit "C" and incorporated herein.

13. After Plaintiffs moved into the property, they made further inspection of the property and learned, for the first time, that, in fact, the Defendants had a continuing water problem in the basement for which professional services and repairs had been sought and made, well within the ten year period certified in their Disclosure Statement.

14. In addition, Plaintiffs had a more detailed roofing inspection performed which revealed that an entire new roof was needed.

15. Plaintiffs have expended and continue to expend monies toward the repair and restoration of the demised premises as a result of the conduct of the Defendants as set forth above.

COUNT I
Fraudulent Representation
ROBERT A. BROWN and SHELLIE L. BROWN vs.
RICHARD H. MILGRUB and MARJORIE L. MILGRUB

16. Plaintiffs incorporate by reference Paragraphs one (1) through fifteen (15) as if set forth fully at length herein.

17. Representations made by Defendants relative to the condition of the basement, water condition in the workout room, including floors and walls, and the roof, were false,

these statements both being made orally and, also, as part of the Sellers' Disclosure Statement.

18. Representations made by Defendants relative to the condition of the basement, workout room, including floors and walls and the roof, were known by Defendants to be false but were made nonetheless.

19. Plaintiffs justifiably relied on these misrepresentations made by Defendants.

20. As a result of the Plaintiffs' justifiable reliance on the misrepresentations made by Defendants, Plaintiffs suffered harm and detriment.

21. As a result of the misrepresentations made by Defendants, Plaintiffs have been and will be forced to incur expense in the repair of the water problem in the basement, the rot in the workout room, including floors and walls, and the installation of a new roof.

WHEREFORE, Plaintiffs request judgment in their favor and against Defendants for a sum in excess of the jurisdictional limits of the Board of Arbitrators of this Honorable Court, plus costs.

COUNT II
Pennsylvania Sellers Disclosure Act
ROBERT A. BROWN and SHELLIE L. BROWN vs.
RICHARD H. MILGRUB and MARJORIE L. MILGRUB

22. The Plaintiffs incorporate by reference Paragraphs one (1) through twenty-one (21) as if set forth fully at length herein.

23. The conduct described above, engaged in by Defendants, is in violation of the Pennsylvania Sellers Disclosure Act, in that Defendants failed to disclose material defects of

the property known to them and misrepresented the true condition of the property in the Sellers' Disclosure Statement and failed to amend and correct the Sellers' Disclosure Statement.

24. As a result of the Defendants' violation of the Pennsylvania Sellers Disclosure Act, Plaintiffs has been and will be forced to expend monies for the repair of the water problem in the basement, the rot in the workout room, including floors and walls, and the installation of a new roof.

WHEREFORE, Plaintiffs request this Honorable Court to declare that Defendants have violated the Pennsylvania Sellers Disclosure Act and to award compensatory damages against Defendant for ascertainable losses as provided by 68 P.S. §7311(a) in excess of the jurisdictional limits of the Board of Arbitrators of this Honorable Court.

COUNT III
Unfair Trade Practices Consumer Protection Act
ROBERT A. BROWN and SHELLIE L. BROWN vs.
RICHARD H. MILGRUB and MARJORIE L. MILGRUB

25. The Plaintiffs incorporate by reference Paragraphs one (1) through twenty-four (24) as if set forth fully at length herein.

26. At all times relevant hereto, Plaintiffs were acting as consumers and/or purchasers with regard to the sale of the demised premises to them by Defendants.

27. At all times relevant hereto, Defendants were acting as sellers of the product, i.e., the demised premises, agreed to and purchased by Plaintiffs.

28. The conduct described above engaged in by Defendants is violative of the Pennsylvania Unfair Trade Practices Consumer Protection Law in that the Defendants falsely represented that the condition, standard, quality and grade of the product being sold, i.e., the demised premises, were higher than the actual condition of the demised premises was.

29. As a direct and proximate result of the Defendants' above mentioned violation of the Pennsylvania Unfair Trade Practices Consumer Protection Law, Plaintiffs suffered a loss of money and other damages as a result of repairs described above being necessitated on giving Plaintiffs the right to recover statutory damages under 73 P.S. §201-902.

WHEREFORE, Plaintiffs request this Honorable Court to declare that Defendants have violated the Pennsylvania Unfair Trade Practices Consumer Protection Law; to award compensatory damages against Defendant for ascertainable losses of repairs; to award treble damages as provided by 73 P.S. §310-9.2(a); to award attorney's fees, expenses and pre-judgment interest; to grant such other relief as the Court deems proper and just, all in an amount in excess of the jurisdictional limits of the Board of Arbitrators of this Honorable Court.

COUNT IV
Breach of Fiduciary Obligation
ROBERT A. BROWN and SHELLIE L. BROWN vs. RICHARD H. MILGRUB

30. The Plaintiffs incorporate by reference Paragraphs one (1) through twenty-nine (29) as if set forth fully at length herein.

31. In this Count, Plaintiffs are asserting a professional liability claim against Defendant.

32. Man Defendant's representation of Plaintiffs at a time when he and his wife were selling real estate to Plaintiffs was a direct and unwaivable conflict of interest.

33. Alternatively, Man Defendant failed to secure any waiver of the inherent conflict of interest existing as a result of his representation of Plaintiffs in the real estate transaction in which he was involved as a seller.

34. Man Defendant breached his fiduciary obligations to Plaintiffs as their counsel in any or all of the following:

(a) In misrepresenting to Plaintiffs that he had "other buyers" in mind in order to induce Plaintiffs to waive their ability to seek compensation or repairs to the property for the damages ascertained by their inspection process or to negotiate revision to the Agreement of Sale relating to the true condition of the property

(b) In failing to disclose to Plaintiffs negative conditions of the demised premises which Man Defendant knew existed;

- (c) In misrepresenting to Plaintiffs in the Sellers' Disclosure Statement the condition of the demised premises;
- (d) In demanding that Plaintiffs close on the property without seeking recourse or compensation necessary to repair defects to the property discovered by Plaintiffs in the inspection process;
- (e) In failing to secure a waiver of this inherent conflict of interest before representing Plaintiffs in this transaction.

35. As a result of the foregoing, Plaintiffs sustained damages in the form of repair costs made or to be made relative to the condition of the basement, workout room, including walls and floors, and the roof.

WHEREFORE, Plaintiffs request judgment in their favor and against Man Defendant for a sum in excess of the jurisdictional limits of the Board of Arbitrators of this Honorable Court, plus costs.

COUNT V
Professional Negligence
ROBERT A. BROWN and SHELLIE L. BROWN vs. RICHARD H. MILGRUB

36. The Plaintiffs incorporate by reference Paragraphs one (1) through thirty-five (35) as if set forth fully at length herein.

37. In this Count, Plaintiffs are asserting a professional liability claim against Defendant.

38. Man Defendant was retained by Plaintiffs to represent their interests in the real estate transaction whereby Plaintiffs were purchasing property owned by Defendants in return for which Plaintiff agreed and did pay the Man Defendant legal fees.

39. Man Defendant's representation of Plaintiffs at a time when he and his wife were selling real estate to Plaintiffs was a direct and unwaivable conflict of interest.

40. Alternatively, Man Defendant failed to secure any waiver of the inherent conflict of interest existing as a result of his representation of Plaintiffs in the real estate transaction in which he was involved as sellers.

41. As a direct and proximate result of the negligence of the Man Defendant, in failing to secure a waiver of this inherent conflict of interest and representing Plaintiffs despite the existence of such an inherent conflict of interest, Plaintiffs were deprived of effective representation and their interests were unprotected in the real estate transaction.

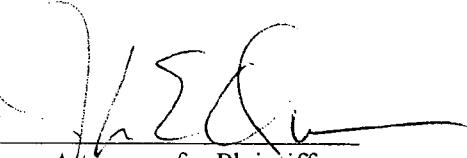
42. As a direct and proximate result of this deprival of effective representation Plaintiffs were denied a disclosure of the true condition of the property, lost their ability to seek compensation or repairs to the property for the damages ascertained in their inspection, lost the opportunity to negotiate a revision of the Agreement of Sale relating to the true condition of the property and were deprived any and all inspection rights which they had under the Agreement of Sale.

43. As a result of the foregoing, Plaintiffs sustained damages in the form of repair costs made or to be made relative to the condition of the basement, workout room, including walls and floors, and the roof.

WHEREFORE, Plaintiffs request judgment in their favor and against Man
Defendant for a sum in excess of the jurisdictional limits of the Board of Arbitrators of this
Honorable Court, plus costs.

Respectfully submitted,

Evans Portnoy Quinn & O'Connor

BY 

Attorneys for Plaintiffs

VERIFICATION

I verify that the statements made herein are true and correct to the best of my knowledge, information and belief, and are made subject to the penalties of 18 Pa. C.S.A. Section 4904 relating to unsworn falsification to authorities.

11-1-04.

Date

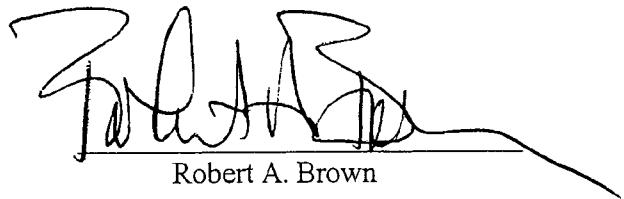
Shellie L. Brown

Shellie L. Brown

VERIFICATION

I verify that the statements made herein are true and correct to the best of my knowledge, information and belief, and are made subject to the penalties of 18 Pa. C.S.A. Section 4904 relating to unsworn falsification to authorities.

November 1, 2004
Date


Robert A. Brown

AGREEMENT OF SALE

MADE this _____ day of _____, 2003, by and
between RICHARD H. MILGRUB and MARJORIE L. MILGRUB, husband and
wife, residing at 160 Sandy Ridge Road, State College,
Pennsylvania 16803, hereinafter "SELLERS";

A
N
D

ROBERT A. BROWN and SHELLIE L. BROWN, husband and wife, residing
at 128 West Pauline Drive, Clearfield, Pennsylvania 16830,
hereinafter "BUYERS".

WHEREAS, SELLERS are the owners of a house and parcel
of land with an address of RD 3, Box 287, Clearfield,
Pennsylvania 16830, to which they took title by Deed Books 1004,
Page 88 and 1004, Page 97 recorded in the Clearfield County
Recorder of Deeds Office, hereinafter referred to as the
"PREMISES"; and

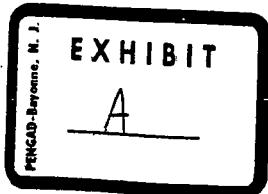
WHEREAS, SELLERS wish to sell this real estate,
together with all improvements and other fixtures, and BUYERS
wish to purchase the same.

WITNESSETH:

The parties, their heirs, successors, administrators,
executors, assigns, intending to be legally bound, for the
consideration stated herein, agree to the following terms and
conditions:

THE LAW OFFICES OF
RICHARD H. MILGRUB
NORTH SECOND STREET
CLEARFIELD, PA 16830

11 NORTH BRADY STREET
DUBOIS, PA 15801



1. PREMISES SOLD: SELLERS sell to BUYERS, and BUYERS agree to purchase the real estate identified as Deed Book 1004, Page 88 and Deed Book 1004, Page 97. A more particular description of the PREMISES by courses and distances appear in the attached Exhibit "A".

2. PURCHASE PRICE: BUYERS agree to pay SELLERS for the PREMISES, together with the fixtures and improvements thereon, the sum of Two hundred fifty-five thousand Dollars (\$255,000.00). BUYERS shall make a down payment of Two thousand five hundred Dollars (\$2,500.00) at the time when this Agreement is executed by all parties and fully executed copies are exchanged.

Consequently, the balance due at closing will be Two hundred fifty-two thousand five hundred dollars (\$252,500.00) and shall be tendered by BUYERS to SELLERS in cash or other current funds at Closing for SELLERS' Deed to the PREMISES.

3. DEED TO PREMISES: SELLERS will execute and acknowledge a Special Warranty Deed which shall grant and convey the PREMISES subject to this Agreement to BUYERS. The Deed will be delivered to BUYERS or their attorney at Closing. The Deed shall be in a form acceptable to BUYERS and their attorney.

4. APPORTIONMENT OF 2003 TAXES AND OTHER CHARGES: 2003 real estate taxes, school taxes and any other charges, levied or assessed against the PREMISES during 2003 shall be prorated as of the date on which Closing is conducted by the

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CLEARFIELD, PA 16830
—
"NORTH BRADY STREET
DUDEOIS, PA 15801

parties, and the parties shall each bear that portion of these taxes or charges for that period of 2003 during which they own and hold title to the PREMISES.

5. TRANSFER TAXES: SELLERS and BUYERS shall each pay one-half (1/2) the realty transfer taxes imposed upon the conveyance of these PREMISES. Said payment shall be made at Closing.

6. INSPECTION: An inspection of the PREMISES shall take place concurrently with the signing of this Agreement. Within thirty (30) days of closing, BUYERS shall have another opportunity to inspect said PREMISES. Said PREMISES, at that time, shall be in the same general condition as the prior inspection.

7. CLOSING: Closing will be conducted at the office of Attorney Richard H. Milgrub or the lending institution at which BUYERS obtain mortgage money to purchase the PREMISES. Closing will be conducted by October 1, 2003 or such earlier date as the parties mutually agree. The BUYERS may take possession of the PREMISES immediately at Closing.

8. TITLE: The PREMISES are owned by SELLERS and are accurately described by Exhibit "A" attached hereto. SELLERS warrant to BUYERS that they have good and marketable title to the PREMISES. SELLERS further warrant that, as of Closing, there shall be no mortgages, liens, conditional sales agreements, articles of agreement, deeds of trust, leases, uses, options, encumbrances or occupancies, affecting or upon the PREMISES.

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NORTH SECOND STREET
CLEARFIELD, PA 16830

41 NORTH BRADY STREET
DUBOIS, PA 15801

BUYERS' obligations under this Agreement are expressly conditioned upon the foregoing warranty of title by SELLERS which shall be a continuing warranty of title by SELLERS until the date and time of Closing hereunder when SELLERS deliver a Special Warranty Deed to BUYERS for the PREMISES.

If a cloud or defect appears upon SELLERS' title to the PREMISES, BUYERS shall give them written notice thereof, and both parties' obligations under this Agreement shall be suspended for ninety (90) days from the date of BUYERS' notice, during which time, SELLERS may, at their option and expense, cure said cloud or defect. If SELLERS undertake to cure said cloud or defect, they shall give BUYERS notice thereof, and BUYERS shall allow them such additional time to accomplish this as is reasonable under the circumstances.

If SELLERS do not or cannot remove the cloud(s) or defect(s) upon their title according to this clause, then this Agreement shall be null and void, and neither party shall have any further liability to the other except that SELLERS shall return the Two thousand five hundred Dollar (\$2,500.00) down payment.

9. DISCLAIMER OF ALL OTHER WARRANTIES: BUYERS acknowledge that they or their agents have been given an opportunity to inspect the PREMISES, buildings, contents, equipment, fixtures and other improvements thereon, and have been advised by SELLERS to do so. BUYERS agree that they are buying the PREMISES, buildings, contents, equipment, fixtures and other improvements, if any thereof, "AS IS" and "WHERE IS".

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—
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Excepting their warranty of title described in Paragraph 8, SELLERS expressly disclaim all warranties, express or implied, or liability.

10. **NOTICES:** All notices or communications required by or bearing upon this Agreement or the PREMISES shall be in writing and sent by First Class Mail, postage prepaid, to the parties and their counsel as follows:

Richard H. and Marjorie L. Milgrub
160 Sandy Ridge Road
State College, PA 16803

Robert A. Brown and Shellie L. Brown
128 West Pauline Drive
Clearfield, PA 16830

11. **UTILITIES:** SELLERS shall pay and be solely responsible for all utility service to the PREMISES up to the date and time of Closing. This shall include, by way of example and not in limitation, electric, telephone, TV, garbage, water and sewage.

Thereafter, BUYERS shall be wholly and solely responsible for these items.

12. **FIXTURES:** In addition to the PREMISES described above, SELLERS agree to sell, grant, bargain and convey, the built-in oven, microwave, Jenair stovetop, garbage disposal, trash compactor, dishwasher, washer and dryer, living room sofa, kitchen stools, kitchen wrought iron table with five (5) accompanying chairs, Masterbedroom furniture with the exception of the chest. It is also understood that the pool table in the basement will be sold for Five hundred Dollars (\$500.00).

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1 NORTH SECOND STREET
CLEARFIELD, PA 16830
—
41 NORTH BRADY STREET
DUBOIS, PA 15801

13. ATTORNEY FEES: SELLERS agree to assume costs of all applicable attorney fees with regard to Closing.

14. GENERAL PROVISIONS:

(a) This Agreement shall be governed by the laws of Pennsylvania. Jurisdiction and venue shall rest in the Court of Common Pleas of Clearfield County, Pa., for all suits and claims;

(b) All rights, covenants, warranties and conditions herein shall extend to and bind the parties, their heirs, executors, administrators, guardians, successors and assigns, agents or officers;

(c) In construing this Agreement, "SELLERS" and "BUYERS" shall mean, wherever applicable, the singular or the plural, the masculine or the feminine, an individual, individuals, or corporation, as the case may be;

(d) This Agreement (and Exhibits, if any), represents the sole agreement of the parties and supersedes all prior agreements, communications, representations and negotiations, whether oral or written;

(e) This Agreement can only be modified or amended by the prior written consent of all parties hereto;

(f) The parties deem that the PREMISES subject to this Agreement are unique, and in addition to their other rights and remedies at law, and at equity, either party shall have the right to specifically enforce the terms of this Agreement; and

(g) This Agreement shall be executed in two

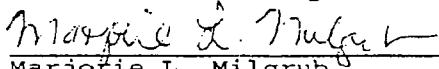
THE LAW OFFICES OF
RICHARD H. MILGRUB
1 NORTH SECOND STREET
CLEARFIELD, PA 16830
—
111 NORTH BRADY STREET
DUBOIS, PA 15801

counterparts, either one of which shall serve as an original for all intents and purposes.

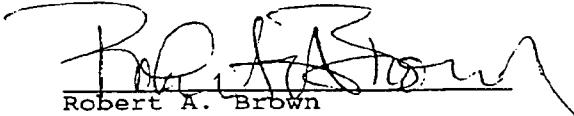
IN WITNESS WHEREOF, the parties to this Agreement have executed it on the date aforesaid and for the purposes herein contained.

SELLERS


Richard H. Milgrub


Marjorie L. Milgrub

BUYERS


Robert A. Brown


Shellie L. Brown

THE LAW OFFICES OF
RICHARD H. MILGRUB
211 NORTH SECOND STREET
CLEARFIELD, PA 16830
—
108 NORTH BRADY STREET
DUBOIS, PA 15801

EXHIBIT 'A'

MILGRUB DESCRIPTION

ALL that certain piece or parcel of land situate in the Hillsdale Section of Clearfield, Clearfield County, Pennsylvania, described as follows:

Commencing at an Iron Pipe at former corner of David Rodkey at the South side of a formerly proposed 20 foot wide alley; thence along the East side of formerly proposed 40 foot wide Neeper Road N 29-00-11 E 372.50' to a point; thence crossing said Neeper Road N 58-07-49 W 60.08' to the place of beginning; thence by land of James A. Neeper, Grantor N 58-07-49 W 359.95' to the East side of a formerly proposed 20 foot wide Alley; thence by same and lands of Matthew H. Greenland N 29-00-11 E 207.08' to a point on 6.8597 Acre Parcel No. 2 of other lands of Richard H. Milgrub; thence by same S 69-27 E 363.45'; thence parallel to Neeper Road and 40' from center S 29-00-11 W 278.51' to the place of beginning, containing 2.0130 acres by calculation.

Further granting and conveying unto the Grantees herein, their heirs, executors and assigns, the right to use a parcel of land as a private roadway being 20 feet in width and leading from the northern property line of Lot No. 8, Block N in a northeasterly direction 522 feet more or less running parallel to Neeper Road to lands formerly owned by Harbison Walker. It is expressly agreed and understood that the Grantees herein, their heirs, executors and assigns, shall have the right in common with the Grantors, their heirs, executors and assigns, to use said roadway as a means of ingress, egress and regress to their respective lands. It is further agreed that the Grantees, their heirs, executors and assigns and the Grantors, their heirs, executors and assigns, shall not in any way obstruct, block or limit the use of said roadway. A survey plot of the land herein conveyed and the right-of-way herein mentioned is attached hereto and made a part hereof.

Excepting and reserving unto the Grantors, their heirs, executors and assigns, the right to use the following described portion of the conveyed premises for an underground leech bed or septic draining system, being a portion of the conveyed premises:

Beginning at the Southeast corner of Parcel No. 1, 40' perp. from center of formerly proposed Neeper Road; thence by same N 29-00-11 E 100.00' to a point; thence by line of interests exclusively conveyed to Richard H. Milgrub N 58-07-49 W 359.95' to the East side of a formerly proposed 20 foot wide alley thence by same S 29-00-11 W 100.00' to northwest corner of James A. Neeper; thence by same S 58-07-49 E 359.95' to the place of beginning, containing 0.8253 acre, leaving 1.1877 acres to Richard H. Milgrub exclusive entitlement.

It is further understood that the Grantors will be held harmless for any possible damage to the Grantees' property caused by the leech bed or septic drainage system.

BEING the same premises conveyed to Richard H. Milgrub and Marjorie L. Milgrub by Deed of James A. Neeper and Mary E. Neeper, his wife, and Breck D. Neeper dated March 29, 1985 and recorded in Clearfield County Deed and Record Book 1004, Page 97.

ALL that certain piece, parcel or tract of land situate in the Township of Lawrence, County of Clearfield and State of Pennsylvania, bounded and described as follows:

Beginning at the east side of an alley lying along east side of plan of lots as laid out by J.E. Wrigley and D. R. Woolridge and Ida J. Woolridge, his wife, and being at the intersection of the east side of said alley with the south side of Oak Street extended; thence by the south side of said Oak Street extended the same course as part of said street laid out in plan of lots aforesaid South 87°18' East 228 feet to a post on line of land of Weaver, Ettla and Welles; thence, by land of said Weaver, Ettla and Welles South 15°48' West 512.0 feet to a white pine stump; thence by land of same South 65°02' East 1221.1 feet to post and stones on line of Owens land; thence by land of said Owens South 20°05' West 368.0 feet to stones; thence by land of Timothy Hennessey and others North 77°30' West 2150 feet, more or less, to the intersection of said line with the extension southwardly, its present course of east side of south end of alley aforesaid; thence by the end of an alley or street and by the east side of the alley first mentioned

herein (which alley is 16 feet in width and lies at rear of Lots 126 to 148 inclusive as laid out heretofore) North 53°15' East 514 feet, more or less; thence by the east side of said alley North 55°02' East 16.1 feet; thence by the same North 47°57' East 681.6 feet; thence by the same North 39°09' East 162.9 feet to the place of beginning, containing 28.16 acres, more or less.

Subject, however, to a prior conveyance by former Grantor herein to John McKinn and Gertrude McKinn, his wife, by Deed dated August 1, 1930.

Subject, however, to a prior conveyance by former Grantor herein to Raymond B. Rowles and Ethel Rowles, his wife, by Deed dated May 7, 1944.

Subject, however, to a prior conveyance by former Grantor herein to Wesley John Fulmer and Emma M. Fulmer, his wife, by Deed dated April 25, 1944.

Subject, however, to a prior conveyance by former Grantor herein to Theodore Dales by Deed dated June 9, 1945.

Subject, however, to a prior conveyance by former Grantor herein to John McKinn and Gertrude McKinn, his wife, by Deed dated September 16, 1947.

Subject, however, to a prior conveyance by former Grantor herein to Marvin Ruffner and Katherine L. Ruffner, his wife, by Deed dated December 1950.

Subject, however, to a prior conveyance by former Grantor herein of a tract of land containing 7.94 acres for highway and right of way Bypass 879 to the Commonwealth of Pennsylvania Department of Transportation.

Subject, however, to an unrecorded Agreement dated April 12, 1955 between former Grantor herein and Raymond D. Rowles and John McKinn for the construction, maintenance and operation of a three-quarter inch water pipeline.

Subject, however, to an Oil and Gas Lease dated June 1, 1972 wherein the former Grantor herein leased the oil and gas rights to C. E. Beck.

EXCEPTING and RESERVING from this conveyance unto the former Grantor, its successors and assigns all of the oil, gas and associated liquid hydrocarbons upon, in or under said premises.

UNDER and SUBJECT to any and all easements, rights of way, exceptions, reservations, covenants and limitations of record and, also, UNDER and SUBJECT to any and all easements, rights of way, exceptions, reservations, covenants and limitations apparent on or in any way affecting the premises.

BEING the same premises conveyed to Richard H. Milgrub and Marjorie L. Milgrub by Deed of Dresser Industries, Inc. dated March 11, 1985 and recorded in Clearfield County Deed and Record Book 1004, Page 88.

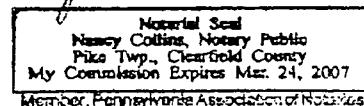
COMMONWEALTH OF PENNSYLVANIA) SS
COUNTY OF CLEARFIELD)

On this 9 day of September, 2003, before
me, the undersigned officer, personally appeared RICHARD H.
MILGRUB and MARJORIE L. MILGRUB, husband and wife, known to me
(or satisfactorily proven) to be the persons whose names are
subscribed to the within instrument and acknowledged that they
executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and notarial seal the day and year first above written.

Henry Collins

COMMONWEALTH OF PENNSYLVANIA) SS
COUNTY OF CLEARFIELD)



On this 18th day of August, 2003, before
me, the undersigned officer, personally appeared ROBERT A. BROWN
and SHELLIE L. BROWN, husband and wife, known to me (or
satisfactorily proven) to be the persons whose names are
subscribed to the within instrument and acknowledged that they
executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and notarial seal the day and year first above written.

Walter H. Bixby

NOTARIAL SEAL
SHELLI L. RUZARD, Notary Public
Clearfield Boro, Clearfield County, PA
My Commission Expires December 6, 2004

SELLERS' PROPERTY DISCLOSURE STATEMENT

PROPERTY ADDRESS: 157 Neeper Lane, Clearfield, Pennsylvania

SELLERS: Richard and Marjorie Milgrub

A Seller must disclose to a buyer all known material defects about the property being sold that are not readily observable. This disclosure statement is designed to assist the Sellers in complying with disclosure requirements and to assist the Buyers in evaluating the property being considered.

This statement discloses the Sellers' knowledge of the condition of the property as of the date signed by the Sellers and is not a substitute for any inspections or warranties that the Buyers may wish to obtain. This statement is not a warranty of any kind by the Sellers or a warranty or representation by any listing real estate broker, any selling real estate broker or their agents. The buyers are encouraged to address concerns about the conditions of the property that may not be included in this statement. This statement does not relieve the Sellers of the obligation to disclose a material defect that may not be addressed on this form.

A material defect is a problem with the property or any portion of it that would have a significant adverse impact on the value of the residential real property or that involves an unreasonable risk to the people on the land.

1. Sellers' expertise. The sellers do not possess expertise in contracting, engineering, architecture or other areas related to the construction and conditions of the property and its improvements.

2. Occupancy. Do you, the Sellers, currently occupy this property? X yes no If "no", when did you last occupy the property? _____

3. Roof.

a. Date roof was installed: 1986
Documented: X yes no unknown

b. Has the roof been replaced or repaired during your ownership? yes X no If "yes", were the existing shingles removed? yes no unknown

c. Has the roof ever leaked during your ownership? yes X no

d. Do you know of any problems with the roof, gutters or downspouts? yes X no



Explain any "yes" answers that you gave in this section.

4. Basement and Attic.

a. Does the property have a sump pump? yes (2)
 no unknown

b. Are you aware of any water leakage, accumulation or dampness within the basement or attic? yes
 no

If "yes", describe in detail. Over 10 years ago, we did have water in the basement, but after the installation of 2 sump pumps, we haven't had any reoccurrence.

c. Do you know of any repairs or other attempts to control any water or dampness problem in the basement or attic? yes no

If "yes", describe the location, extent, date and name of the person who did the repair or control effort. As stated above, 2 sump pumps were installed in the basement over 10 years ago which eliminated any water problems.

5. Termites/wood destroying insects, dry rot, pests.

a. Are you aware of any termites/wood destroying insects, dry rot or pests affecting the property? yes
 no

b. Are you aware of any damage to the property caused by termites/wood destroying insects, dry rot or pests.
 yes no

c. Is your property currently under contract by a licensed pest control company? yes no J.C. Ehrlich Co.

d. Are you aware of any termite/pest control reports or treatments for the property in the last five years?
 yes no

Explain any "yes" answers that you gave in this section.

6. Structural item.

a. Are you aware of any past or present water leakage in the house or other structures? yes _____ no
(See 4a,b,c)

b. Are you aware of any past or present movement, shifting, deterioration or other problems with walls, foundations or other structural components? _____ yes no

c. Are you aware of any past or present problems with driveways, walkways, patios or retaining walls on the property? _____ yes no

Explain any "yes" answers that you have in this section. When explaining efforts to control or repair, please describe the location and extent of the problem and the date and person by whom the work was done, if knowns: _____

7. Additions/remodeling. Have you made any additions, structural changes or other alterations to the property? yes _____ no

If "yes", please describe: Gym installed after initial construction.

8. Water and sewage.

a. What is the source of your drinking water?
 public _____ community system _____ well on property
 other _____

If "other", please explain: _____

b. If your drinking water source is not public:
When was your water last tested? _____

What was the result of the test? _____

Is the pumping system in working order? yes _____ no

If "no", please explain: _____

*Pumps maintained by
Blooms J*

c. Do you have a softener, filter or other purification system? _____ yes no

If "yes", is the system: _____ leased _____ owned

d. Is there a sewage pump? yes _____ no

If "yes", is it in working order? yes
_____ no

e. When was the septic system or cesspool last serviced? September 2002

f. Is either the water or sewage system shared?
_____ yes no

If "yes", please explain: _____

g. Are you aware of any leaks, backups or other problems relating to any of the plumbing, water and sewage-related items? _____ yes no

If "yes", please explain: _____

9. Plumbing system.

a. Type of plumbing: _____ copper _____
galvanized _____ lead _____ PVC unknown _____ other
(believed to be copper)

If "other", please explain: _____

b. Are you aware of any problems with any of your plumbing fixtures (including, but not limited to: kitchen, laundry or bathroom fixtures, wet bars, hot water heater, etc.)?
_____ yes no

If "yes", explain: _____

10. Heating and air conditioning.

a. Type of air conditioning: _____ central
electric _____ central gas wall _____ none

Number of window units included in sale: One

Location: Master bedroom

b. List any areas of the house that are not air conditioned: Remainder of house

c. Type of heating: electric fuel oil natural gas other

If "other", please explain: _____

d. List any areas of the house that are not heated: _____

e. Type of water heating: electric gas solar other

If "other", please explain: _____

f. Are you aware of any underground fuel tanks on the property? yes no

If "yes", please describe: _____

g. Are you aware of any problems with any item in this section? yes no

11. Electrical system.

a. Are you aware of any problems or repairs needed in the electrical system? yes no

If "yes", please explain: _____

12. Other equipment and appliances included in sale.
(Complete only if applicable).

a. Electric garage door opener
Number of transmitters 2

b. Smoke detectors
How many? 2

Location: _____

c. Security alarm system
 owned leased

Lease information: _____

d. Lawn sprinkler
Number Automatic timer _____

e. swimming pool pool heater
 spa/hot tub

oven trash compactor garbage disposal microwave
dishwasher

f. refrigerator range microwave
 washer dryer

h. intercom

i. ceiling fans 2 number

Location Living room and Master bedroom

j. Other: Living room couch, kitchen stools

Are any items in this section in need of repair or
replacement? yes no unknown

If "yes", please explain: Fan in Master bedroom needs
to be adjusted. It makes a clicking sound.

13. Land. (soils, drainage and boundaries).

a. Are you aware of any fill or expansive soil on
the property? yes no

b. Are you aware of any sliding, settling, earth
movement, upheaval, subsidence or earth stability problems that
have occurred on or that affect the property? yes
 no

Note to Buyers: Your property may be subject to mine
subsidence damage. Maps of the counties where mine subsidence
damage may occur and mine subsidence insurance are available
through:

Department of Environmental Protection
Mine Subsidence Insurance Fund
3913 Washington Road
McMurray, PA 15317
412-941-7100

c. Are you aware of existing or proposed mining, strip mining or any other excavations that might affect this property? yes no

d. To your knowledge, is this property, or part of it, located in a flood zone or wetlands area? yes no

e. Do you know of any past or present drainage or flooding problems affecting the property? yes no

f. Do you know of any encroachment, boundary line disputes or easements? yes no

NOTE TO BUYERS: Most properties have easements running across them for utility services and other reasons. In many cases, the easements do not restrict the ordinary use of the property, and the seller may not be readily aware of them. Buyers may wish to determine the existence of easements and restrictions by examining the property and ordering an abstract of title or searching the records in the Office of the Recorder of Deeds for the County in which the property is located.

g. Are you aware of any share or common areas (for example, driveways, bridges, docks, walls, etc.) or maintenance agreements? yes no

Explain any "yes" answers that you have in this section: The Estate of Jim Neeper has the right to use the roadway for access to their lot which is behind Leonard Swisher's pasture.

14. Hazardous substance.

a. Are you aware of any underground tanks or hazardous substances present on the property (structure or soil) including, but not limited to: asbestos, polychlorinated biphenyls (PCBs), radon, lead paint, unreformaldehyde form insulation (UFFI), etc.: yes no

b. To your knowledge, has the property been tested for any hazardous substances? yes no

c. Do you know of any other environmental concerns that might impact upon the property? yes no

Explain any "yes" answers that you gave in this section: _____

15. Condominiums and other homeowners associations (complete only if applicable).

Type: _____ condominium _____ cooperative _____
homeowners association _____ other

If "other", please explain: _____

NOTICE REGARDING CONDOMINIUMS AND COOPERATIVES:

According to Section 3407 of the Uniform Condominium Act (68 Pa.C.S. § 3407 (relating to resales of units) 8 Pa.C.S. § 4409 (relating to resale of cooperative interests), a buyer of a resale unit in a condominium or cooperative must receive a certificate of resale issued by the association in the condominium or cooperative.

The buyer will have the option of canceling the agreement with return of all deposit monies until the certificate has been provided to the buyer and for five days thereafter or until conveyance, whichever occurs first.

16. Miscellaneous.

a. Are you aware of any existing or threatened legal action affecting this property? _____ yes no

b. Do you know of any violations of Federal, State or Local laws or regulations relating to this property? _____ yes no

c. Are you aware of any public improvement, condominium or homeowner association assessments against the property that remain unpaid or of any violations of zoning, housing, building, safety or fire ordinances that remain uncorrected? _____ yes no

d. Are you aware of any judgment, encumbrance, lien (for example, comaker or equity loan) or other debt against this property that cannot be satisfied by the proceeds of this sale? _____ yes no

e. Are you aware of any reason, including a defect in title, that would prevent you from giving a warranty deed or conveying title to the property? _____ yes no

f. Are you aware of any material defects to the property, dwelling or fixtures which are not disclosed elsewhere on this form? yes ✓ no

A material defect is a problem with the property or any portion of it that would have a significant adverse impact on the value of the residential real property of that involves an unreasonable risk to people on the land.

Explain any "yes" answers that you gave in this section: _____

The undersigned Sellers represent that the information set forth in this Disclosure Statement is accurate and complete to the best of the Sellers' knowledge. The Sellers hereby authorize any agent for the Sellers to provide this information to prospective Buyers of the property and to other real estate agents. The Sellers shall cause the Buyers to be notified in writing of any information supplied on this form which is rendered inaccurate by a change in the condition of the property following the completion of this form.

SELLER: John H. Hargan DATE: _____

SELLER: _____ DATE: _____

RECEIPT AND ADKNOWLEDGMENT BY BUYERS

The undersigned Buyers acknowledge receipt of this Disclosure Statement. The Buyers acknowledge that this Statement is not a warranty and that, unless stated otherwise in the Agreement of Sale, the Buyers are purchasing this property in its present condition. It is the Buyers' responsibility to satisfy themselves as to the condition of the property. The Buyers may request that the property be inspected, at the Buyers' expense and by qualified professionals, to determine the condition of the structure or its components.

SELLER: John H. Hargan DATE: _____

SELLER: Millie D. Bralla DATE: _____

A. U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		SETTLEMENT STATEMENT	
B. TYPE OF LOAN		1. FHA 3. Conv. Unins.	2. FmHA 4. VA 5. X Conv. Ins.
		6. File Number: 7. Loan Number: 8. Mortgage Insurance Case Number	
C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.			
NOTE: TIN = Taxpayer's Identification Number			
D. NAME AND ADDRESS OF BORROWER:		E. NAME, ADDRESS AND TIN OF SELLER:	
Robert A. Brown Shelie L. Brown 128 W. Pauline Drive Clearfield, PA 16830		Richard H. Milgrub Marjorie L. Milgrub 160 Sandy Ridge Road State College, PA 16830	
F. NAME AND ADDRESS OF LENDER:		County National Bank P. O. Box 42 Clerfield, PA 16830	
G. PROPERTY LOCATION:		H. SETTLEMENT AGENT NAME, ADDRESS AND TIN	
R.D. 3, Box 287 Clearfield, PA 16830		Brian K. Marshall, Esquire 211 N. Second Street, Clearfield, PA 16830	
I. D. #123.0-K08-113 and 038		PLACE OF SETTLEMENT	I. SETTLEMENT DATE
		211 N. Second Street Clearfield, PA 16830	10/24/2003

J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:		400. GROSS AMOUNT DUE TO SELLER:	
101. Contract sales price	255,000.00	401. Contract sales price	255,000.00
102. Personal property	500.00	402. Personal property	500.00
103. Settlement charges to borrower (Line 1400)	4,486.85	403.	
104.		404.	
105.		405.	
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
106. City/town taxes		406. City/town taxes	
107. County taxes 10/24/2003-12/31/2003	191.75	407. County taxes 10/24/2003-12/31/2003	191.75
108. Assessments		408. Assessments	
109.		409.	
110. School Tax, 10/24/03-6/30/04	1,475.73	410. School Tax, 10/24/03-6/30/04	1,475.73
111.		411.	
112.		412.	
120. GROSS AMOUNT DUE FROM BORROWER	261,654.33	420. GROSS AMOUNT DUE TO SELLER	257,167.48

200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:		500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
201. Deposit or earnest money	2,500.00	501. Excess deposit	2,500.00
202. Principal amount of new loan(s)	249,000.00	502. Settlement charges to seller (Line 1400)	4,938.22
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff of first mortgage loan	
205.		505. Payoff of second mortgage loan	
206.		506.	
207.		507.	
208.		508.	
209.		509.	
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
210. City/town taxes		510. City/town taxes	
211. County taxes		511. County taxes	
212. Assessments		512. Assessments	
213.		513.	
214.		514.	
215.		515.	
216.		516. Final Water/Sewer (POC)	
217.		517.	
218.		518.	
219.		519.	
220. TOTAL PAID BY/FOR BORROWER	251,500.00	520. TOTAL REDUCTION AMOUNT DUE SELLER	7,438.22

300. CASH AT SETTLEMENT FROM/TO BORROWER		600. CASH AT SETTLEMENT FROM/TO SELLER	
301. Gross amount due from borrower (Line 120)	261,654.33	601. Gross amount due to seller (Line 420)	257,167.48
302. Less amount paid by/for borrower (Line 220)	251,500.00	602. Less reduction in amount due seller (Line 520)	7,438.22
303. CASH FROM BORROWER	10,154.33	603. CASH TO SELLER	249,729.26

SUBSTITUTE FORM 1099 SELLER STATEMENT

The information contained in Blocks E, G, H, and I and on line 401 (or, if line 401 is asterisked, line 403 and 404) is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction will be imposed on you if this item is required to be reported and the IRS determines that it has not been reported. If this real estate is your principal residence, file Form 2119, Sale or Exchange of Principal Residence, for any gain, with your income tax return; for other transactions, complete the applicable parts of Form 4797, Form 6252 and/or Schedule D (Form 1040). You are required to provide the Settlement Agent (named above) with your correct taxpayer identification number. If you do not provide the Settlement Agent with your correct taxpayer identification number, you may be subject to civil or criminal penalties imposed by law. Under penalties of perjury, I certify that the number shown on this statement is my correct taxpayer identification number.

(Seller's Signature)

Richard H. Milgrub

EAD-Response, N.J.

EXHIBIT

Marjorie L. Milgrub

L. SETTLEMENT CHARGES

© EASY SOFT, Inc.

700. TOTAL SALES/BROKER'S COMMISSION based on price \$ 255,000.00 @ Division of Commission (line 700) as follows:	PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
701. \$		
702. \$		
703. Commission paid at Settlement		
704.		
800. ITEMS PAYABLE IN CONNECTION WITH LOAN		
801. Loan Origination Fee \$		
802. Loan Discount \$		
803. Appraisal Fee to		
804. Credit report to		
805. Lender's Inspection Fee		
806. Mortgage Insurance Application Fee to		
807. Assumption Fee		
808. Application Fee, CNB	50.00	
809. Processing Fee, CNB	300.00	
810. Flood Zone Determination, CNB	15.00	
811.		
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE		
901. Interest from		
902. Mortgage Insurance Premium for		
903. Hazard insurance Premium for		
904.		
905.		
1000. RESERVES DEPOSITED WITH LENDER		
1001. Hazard insurance		
1002. Mortgage insurance		
1003. City Property Taxes		
1004. County Property Taxes		
1005. Annual assessments		
1006.		
1007.		
1008. Aggregate Accounting Adjustment		
1100. TITLE CHARGES		
1101. Settlement or closing fee to Area Abstracting and Filing Service	225.00	
1102. Abstract or title search to Area Abstracting and Filing Service	40.00	
1103. Title Examination to Brian K. Marshall, Esquire	-0-	
1104. Title insurance binder to		
1105. Document preparation to Area Abstracting and Filing Service	50.00	
1106. Notary fees to Area Abstracting and Filing Service	7.00	
1107. Attorney's fees to Brian K. Marshall, Esquire	-0-	
(includes line numbers:		
1108. Title Insurance to Bankers Settlement Services	953.85	
(includes line numbers: 1104 / Ends.)		
1109. Lender's coverage \$ 249000.00		
1110. Owner's coverage \$ 255000.00		
1111.		
1112.		
1113.		
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES		
1201. Recording fees: Deed \$ 30.50 Mortgage \$ 40.50 Release \$	71.00	
1202. City/ctny tax/stamps: Deed \$ Mortgage \$		
1203. State tax/stamps: Deed \$ Mortgage \$		
1204. PA Realty Transfer Tax, 2%	2,550.00	2,550.00
1205.		
1300. ADDITIONAL SETTLEMENT CHARGES		
1301. Survey to		
1302. Pest inspection to		
1303. Cleaning Service	225.00	225.00
1304. 2003 School Tax		2,163.22
1305.		
1306.		
1307.		
1308.		
1400. TOTAL SETTLEMENT CHARGES (enter on lines 103, Section J and 501, Section K)	4,486.85	4,938.22

CERTIFICATION

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements on my account or by me in this transaction. I further certify that I received a copy of the HUD-1 Settlement Statement.

Seller Richard H. Milgrub

Borrower Robert A. Brown

Seller Marjorie L. Milgrub

Borrower Shellie L. Brown

To the best of my knowledge the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction.

Settlement Agent Brian K. Marshall, Esquire

Date 10/24/2003

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

ROSS, DIXON & BELL, LLP

2001 K Street, N.W. • Washington, DC 20006-1040 • p (202) 662-2000 f (202) 662-2190

Facsimile

April 21, 2005

To:	Fax Number
Samuel Cohen	202-636-0403
From:	Richard A. Simpson
Office Phone Number:	(202) 662-2035
Client/Matter No.	

Number Of Pages (Including This Cover Page): 32

Remarks:

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ROSS, DIXON & BELL, LLP

2001 K Street, N.W. • Washington, DC 20006-1040 • **p** (202) 662-2000 **f** (202) 662-2190

RICHARD A. SIMPSON
TELEPHONE: (202) 662-2035
EMAIL: RSIMPSON@RDBLAW.COM

3127.728

February 25, 2005

VIA FACSIMILE
AND CERTIFIED MAIL

Richard H. Milgrub, Esq.
211 North Second Street
Clearfield, PA 16830

Re: Named Insured:	Richard Milgrub
Claim No.:	LE104293
Policy No.:	LAW-249664564
Policy Period:	August 1, 2003 to August 1, 2004
Policy Limits:	\$500,000
Policy Deductible:	\$5,000
Claimants:	Robb and Shellie Brown
Carrier:	Continental Casualty Company

Dear Mr. Milgrub:

Continental Casualty Company ("CNA") has asked this firm to follow up on its behalf regarding your telephone conversations with Dan McKinney of CNA about the above-captioned claim and to respond formally on behalf of CNA to your request for coverage in connection with the claims asserted against you in the lawsuit captioned Robert A. Brown and Shellie L. Brown v. Richard H. Milgrub and Marjorie L. Milgrub (the "Brown Action"). As discussed below, you reported this matter as a potential claim under Lawyers Professional Liability Policy No. LAW-249664564 issued for the policy period of August 1, 2003 to August 1, 2004 (the "Policy"). The Policy contains limits of liability of \$500,000 per claim and \$1,000,000 aggregate for the policy period, inclusive of claims expenses. In addition, the Policy contains a \$5,000 deductible per claim, inclusive of claims expenses.

This matter was first reported as a potential claim in March of 2004, after you received a demand letter from Peter F. Smith dated March 9, 2004. That demand letter also mentioned the possibility of a Bar grievance proceeding. In a telephone conversation on March 15, 2004, Mr. McKinney discussed potential coverage issues presented by this matter with you and noted that coverage would be addressed further in the event a claim with specific allegations was made. Also, in response to your request for advice regarding how to handle this situation, Mr. McKinney referred you to the Marshall Dennehey firm, which subsequently has been providing you with advice and assistance. Having carefully reviewed the recently filed complaint in the

ROSS, DIXON & BELL, LLP

Richard H. Milgrub, Esq.

February 25, 2005

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Brown Action, and for the reasons discussed below, CNA has concluded that no coverage is available for the Brown Action. To CNA's knowledge, no Bar grievance has been filed to date. If such a grievance is filed, please advise CNA promptly so that it can evaluate the availability of supplementary payments coverage at that time. This letter does not address such supplementary payments coverage for Bar disciplinary proceedings.

CNA has undertaken a preliminary review of the allegations in the Brown Action in order to identify possible coverage issues under the Policy for your guidance. The views expressed in this letter are necessarily based on the limited information that is available to CNA at this time, including the unsubstantiated allegations of the complaint in the Brown Action, and thus are not intended to be exhaustive or exclusive. CNA must reserve all of its rights under the Policy and applicable law, including the right to raise additional coverage defenses as may be appropriate. Please understand that by stating its coverage position and reserving its rights on various issues, CNA does not in any way suggest that it has concluded that any of the allegations in the complaint are true. Also, please feel free at any time to submit any information that you believe may be relevant to any of the coverage issues discussed in this letter, and, in particular, if you disagree with CNA's conclusion that no coverage is available for this matter, please submit an explanation of your position and any supporting documentation.

This action arises out of the sale of your personal residence to the plaintiffs in September 2003. The plaintiffs allege that you and your wife misrepresented and/or failed to disclose known defects in the house. Plaintiffs further allege that you were representing them in the real estate transaction. Plaintiffs are seeking damages for monies they expended toward certain repairs of these defects after they purchased the house from you and your wife. In this regard, the plaintiffs assert claims for Fraudulent Representation (Count I), Pennsylvania Sellers Disclosure Act (Count II), Unfair Trade Practices Consumer Protection Act (Count III), Breach of Fiduciary Obligation (Count IV) and Professional Negligence (Count V).

The Policy's Insuring Agreement provides as follows:

I. INSURING AGREEMENT

A. Coverage

The **Company** agrees to pay on behalf of the **Insured** all sums in excess of the deductible that the **Insured** shall become legally obligated to pay as **damages** and **claim expenses** because of a **claim** that is both first made against the **Insured** and reported in writing to the **Company** during the **policy period** by reason of an act or omission in the

ROSS, DIXON & BELL, LLP

Richard H. Milgrub, Esq.

February 25, 2005

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performance of **legal services** by the **Insured** or by any person for whom the **Insured** is legally liable...

Please also refer to the Policy Exclusions, Section IV.D, which states:

This Policy does not apply:

- D. to any **claim** based on or arising out of the **Insured**'s alleged liability under any oral or written contract or agreement, unless such liability would have attached to the **Insured** in the absence of such agreement;

Here, the first three Counts of the complaint fall squarely within the exclusion stated in Section IV.D, as they are based directly on the real estate sale contract and alleged misrepresentations made in connection with that contract. Moreover, although Counts IV and V are stated to be "professional liability claims," it is apparent that those Counts as well are based on or arise out of the real estate sales contract and alleged misrepresentations made in your capacity as seller of the real estate. Likewise, it is apparent that no liability would attach to you in this matter, but for the real estate sales contract and your capacity as a party to that contract. The fact that plaintiffs allege that "legal services" were provided does not change the analysis, since Section IV.D (and all other exclusions) do not come into play unless a claimant first alleges a wrongful act in the performance of legal services sufficient to trigger the Insuring Agreement of the Policy. Consequently, CNA has concluded that Section IV.D bars coverage for this matter in full.

In addition, CNA directs your attention to Section IV.F.1 of the Policy, which evidences the intent of the Policy not to cover claims based on or arising out of personal business dealings by Insureds. That provision bars coverage for any claim based on or arising out of an Insured's capacity as "a former, existing or prospective officer, director, shareholder, partner or manager of a business enterprise or charitable organization (if the above are not named in the Declarations) . . ." The instant claim is based on or arises out of your capacity as the seller of real estate for your personal account, in essence the management of your own personal financial affairs.

In light of this threshold bar to coverage, CNA has not conducted an exhaustive analysis of the other coverage issues that are raised by the allegations in the Brown Action. However, CNA notes that it must reserve its rights under all of the provisions of the Policy and applicable law, and in particular, calls your attention to the following Policy provisions.

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Richard H. Milgrub, Esq.

February 25, 2005

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First, CNA directs your attention to Definitions Section III.E. of the Policy, which defines "Damages" as follows:

"Damages" mean judgments, awards and settlements, provided any settlement is negotiated with the assistance and approval of the **Company**. **Damages** do not include:

1. legal fees, costs and expenses paid or incurred or charged by the **Insured**, no matter whether claimed as restitution of specific funds, forfeiture, financial loss, set-off or otherwise, and injuries that are a consequence of any of the foregoing;
2. civil or criminal fines, sanctions, penalties or forfeitures, whether pursuant to law, statute, regulation or court rule, including but not limited to awards under 18 U.S.C. §1961, et. seq., Federal Rules of Civil Procedure 11 or 28 U.S.C. §1927 and state statutes, regulations, rules or law so providing, and injuries that are a consequence of any of the foregoing;
3. punitive or exemplary amounts;
4. the multiplied portion of multiplied awards;
5. injunctive or declaratory relief;
6. amounts for which the **Insured** is not financially liable or that are without legal recourse to the **Insured**.

In light of the allegations in the Complaint pursuant to the Pennsylvania Sellers Disclosure Act and the Unfair Trade Practices Consumer Protection Act and the fact that Plaintiffs are seeking statutory and treble damages, CNA must reserve its rights pursuant to these Policy provisions. No coverage will be available for any relief awarded that does not constitute "Damages," as defined in the Policy.

Second, please also review Exclusions Section IV.A. of the Policy, which provides:

This Policy does not apply:

- A. to any **claim** based on or arising out of any dishonest, fraudulent, criminal or malicious act or omission by an **Insured** except that this exclusion shall not apply to **personal injury**. The **Company** shall provide the **Insured** with a defense of such **claim** unless or until the dishonest, fraudulent, criminal or malicious act or omission has been determined by any trial verdict, court ruling, regulatory ruling or legal admission, whether appealed or not. Such defense will not waive any of the **Company's** rights under this Policy. Criminal proceedings are not covered under this Policy regardless of the allegations made against the **Insured**;

ROSS, DIXON & BELL, LLP

Richard H. Milgrub, Esq.

February 25, 2005

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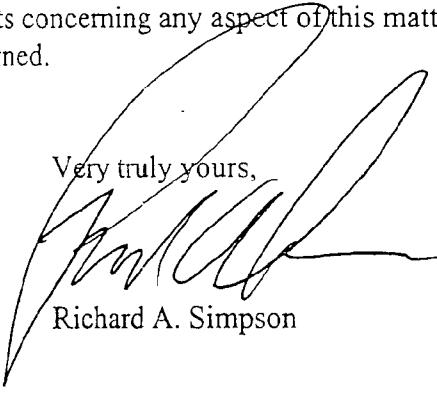
In light of plaintiffs' allegations of fraud and misrepresentation, CNA must reserve its rights pursuant to Exclusion A in the Policy.

Based on the foregoing analysis, CNA has concluded that there is no coverage under the Policy for the Brown Action. Accordingly, CNA will not provide a defense or indemnity in this case. If you disagree with CNA's conclusion that there is no coverage for this claim, or if you have additional information that may impact CNA's coverage analysis, CNA invites you to submit an explanation of your position and provide additional information as soon as possible. CNA will promptly review any such submission to determine whether it changes CNA's analysis of this matter.

As indicated above, CNA reserves all of its rights under the Policy and applicable law, including the right to raise additional coverage defenses as may be appropriate.

If you have any questions or comments concerning any aspect of this matter, please feel free to contact Mr. McKinney or the undersigned.

Very truly yours,



Richard A. Simpson

RAS:amc

cc: James A. McGovern, Esq. (via facsimile and U.S. Mail)
Mr. Daniel McKinney

IN THE COURT OF COMMON PLEAS
CLEARFIELD COUNTY, PENNSYLVANIA

FILED NO
m) 11:01 AM
AUG 15 2005
cc
William A. Shaw
Prothonotary/Clerk of Courts

RICHARD H. MILGRUB
211 NORTH SECOND STREET
CLEARFIELD, PA 16830

vs.

CONTINENTAL CASUALTY COMPANY
CNA PLAZA
CHICAGO, IL 60685

COURT OF COMMON PLEAS
CLEARFIELD COUNTY
CASE NO.: 2005-979-CD

NOTICE OF NOTICE OF REMOVAL

TO: William A. Shaw, Prothonotary/Clerk of Courts
Clearfield County Courthouse
230 E. Market Street
Clearfield, PA 16830

Samuel Cohen
Katz, Cohen & Price, P.C.
Suite 2010
117 S. 17th Street
Philadelphia, PA 19103

Please take notice that on August 12th, 2005, pursuant to 28 U.S.C. §§ 1332, 1441 and 1446, Defendant Continental Casualty Company filed with the Office of the Clerk of the United States District Court for Western District of Pennsylvania, Johnstown Division, a Notice of Removal of Civil Action No. 2005-979-CD, captioned Richard H. Milgrub vs. Continental Casualty Company, from the Court of Common Pleas, Clearfield County, Pennsylvania.

A copy of the Notice of Removal is attached hereto.

Respectfully submitted,



Paul Hanley (Pennsylvania Bar No. 89768)
ROSS, DIXON & BELL, LLP
2001 K Street, N.W.
Washington, D.C. 20006-1040
(202) 662-2000

*Attorneys for Defendant Continental Casualty
Company*

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Notice of Notice of Removal of Defendant
Continental Casualty Company was served via first class mail and facsimile, this 12 day of
August, 2005, to:

Samuel Cohen
Katz, Cohen & Price, P.C.
Suite 2010
117 S. 17th Street
Philadelphia, PA 19103

Tammy R. Daub
Tammy R. Daub