

## Tenant Participation Agreement

Thank you for participating in the Lease Residual Value Program offered by CastlePoint Insurance Company (the “**Insurer**”) through Insurent Agency Corporation (the “**Agent**”). This Agreement (this “**Agreement**”) sets forth the terms and conditions of your relationship with the Insurer and the Agent, and your and their respective obligations. The parties to this Agreement are:

- (a) the Insurer;
- (b) you, the undersigned Tenant; and
- (c) if applicable, the undersigned Responsible Party (the “**Responsible Party**”).

In this Agreement, the terms “you”, “your”, “me”, “I”, “my” and “mine” refer to you, the undersigned Tenant.

This Agreement applies to the Lease (as defined below) commencing on \_\_\_\_\_ and to expire on \_\_\_\_\_ for the rental of the following apartment (the “**Apartment**”):

\_\_\_\_\_  
\_\_\_\_\_

and is made as of the date set forth below.

***PLEASE ACKNOWLEDGE THAT YOU HAVE READ AND AGREE TO THE FOLLOWING IMPORTANT TERMS BY INITIALING EACH PARAGRAPH:***

\_\_\_\_\_ I understand that this Agreement and the issuance of a Lease Residual Value Policy (as defined below) will not under any circumstance relieve me of my obligation to pay rent for the Apartment, and will not protect me from or prevent an eviction if I do not pay my rent.

\_\_\_\_\_ I understand that if I do not pay my rent, or meet my other obligations to the Landlord (as defined below), the Landlord may make a claim under the Lease Residual Value Policy. If such a claim is paid by the Insurer, I agree that I will reimburse the Insurer for all amounts that the Insurer has paid to the Landlord as a result of a claim made under the Lease Residual Value Policy. The Insurer has the right to sue me to collect those amounts, and I will be obligated to pay any attorneys fees and expenses incurred by the Insurer to collect those amounts. I understand that I have waived my right to a jury trial in any such lawsuit, and as a result, I will not be entitled to a jury trial in any such lawsuit.

\_\_\_\_\_ I understand that the coverage provided by the Lease Residual Value Policy is solely for the benefit of the Landlord, and that I have no right to seek any benefits from or payments under the Lease Residual Value Policy.

\_\_\_\_\_ I understand that Insurent® is not my agent or representative, and that Insurent® is not acting on my behalf. I also understand that Insurent® is the agent and representative of the Insurer, and that any assistance provided to me by Insurent® was provided on behalf of the Insurer, solely for the purpose of facilitating my purchase of a Lease Residual Value Policy.

\_\_\_\_\_ I understand that if I do not pay my rent, Insurent will report this information to the three major credit bureaus: Equifax, Experian and Trans Union.

\_\_\_\_\_

## RECITALS

A. I would like to enter into a lease for the Apartment, but have been informed by the property owner (the “**Landlord**”) that I do not meet the Landlord’s qualifications for a lease; and

B. I understand that I will qualify to enter into a lease for the Apartment (the “**Lease**”) if my performance under the Lease is guaranteed by a third party acceptable to the Landlord; and

C. I would like to utilize the services of the Agent to arrange for the purchase of a Lease Residual Value Policy guarantying my performance of the Lease; and

D. I have submitted an application to purchase a Lease Residual Value Policy (“**the Application**”), and have been notified by the Insurer or the Agent that my Application has been approved.

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## TERMS AND CONDITIONS OF THIS AGREEMENT

In consideration of the payment of the Premium (as defined in Section 3 below), and the mutual promises and covenants set forth herein, the parties agree as follows:

1. Issuance of Lease Residual Value Policy. The Insurer agrees that upon my (a) paying the Premium, and (b) entering into a Lease with the Landlord and making any required payments in connection with the Lease (including but not limited to payment of the first month's rent or a security deposit), the Insurer will issue a Lease Residual Value Policy to the Landlord guaranteeing my performance under the Lease as set out in that Lease Residual Value Policy (the "**Lease Residual Value Policy**"). A copy of the Lease Residual Value Policy is attached to this Agreement, and I represent to the Insurer that I have read and understand the terms of the Lease Residual Value Policy.

2. Accuracy of Information. I represent and promise that (a) all information that I provided to the Insurer in the Application continues to be true and complete, and (b) I will immediately notify the Insurer if as a result of subsequent events any of the information I provided to the Insurer in the Application ceases to be true or complete.

3. Premium. The Premium is \$\_\_\_\_ and is an amount equal to \_\_\_\_% of the annual base rent (exclusive of security deposits and any other fees and charges) pursuant to the Lease. I agree and understand that the Premium is a one-time flat fee payment for the Lease Residual Value Policy, and is earned when paid, and is not subject to refund or adjustment for any reason unless (a) expressly set forth in this Agreement or the Lease Residual Value Policy, or (b) required by applicable law. The Premium is not intended as, nor is it to be construed as, a payment to the Landlord, and will not for any purpose be considered a payment of rent or other consideration to the Landlord.

4. Obligation to Pay the Landlord. I UNDERSTAND, AND EXPRESSLY AGREE AND ACKNOWLEDGE, THAT ANY ASSISTANCE PROVIDED TO ME BY THE LANDLORD AND THE AGENT IN CONNECTION WITH MY PURCHASE OF A LEASE RESIDUAL VALUE POLICY FROM THE INSURER, AND THE ISSUANCE BY THE INSURER OF THE LEASE RESIDUAL VALUE POLICY, DOES NOT IN ANY WAY RELIEVE ME OF ANY OF MY

OBLIGATIONS TO MAKE PAYMENTS TO THE LANDLORD UNDER THE LEASE. Specifically with respect to rent, during the term of this Agreement I understand and agree that I am obligated to pay rent to the Landlord pursuant to the terms of the Lease, and that nothing contained herein or in the Lease Residual Value Policy is intended to excuse me, or is to be construed as excusing me, from my rent obligation under the Lease. I acknowledge that the Insurer is not a party to the Lease, and that I negotiated the terms of the Lease directly with the Landlord, and that neither the Insurer nor the Agent were or are parties to the negotiations or the Lease.

5. Nature of Lease Residual Value Policy. I acknowledge and agree that the Lease Residual Value Policy is purchased for the benefit of the Landlord that allows me to qualify to enter into the Lease. I further acknowledge and agree that I have no rights or obligations under the Lease Residual Value Policy. I expressly acknowledge and agree that I am not a third-party beneficiary, insured party, or any other type of beneficiary with standing or capacity to receive any benefits under the Lease Residual Value Policy. In order to induce the Insurer to enter into this Agreement, I agree that I will not, under any circumstance, claim any benefit under the Lease Residual Value Policy.

6. Reimbursement Obligation. I understand that if I fail to meet certain obligations under the Lease, the Landlord will have the right to make a claim under the Lease Residual Value Policy. For each claim that is made to and paid by the Insurer, I will immediately reimburse the Insurer for the amount of the claim paid to the Landlord under the Lease Residual Value Policy. I understand and agree that my obligation to reimburse the Insurer in the event a claim is paid is entirely independent of any rights or obligations I may have under the Lease. Within ten (10) days of the mailing of a written demand for reimbursement by or on behalf of the Insurer, I will immediately reimburse the Insurer for all amounts paid by the Insurer to the Landlord (the "**Reimbursement Payment**"). Any demand for reimbursement will be mailed to me via overnight delivery service at the address set forth below (or to any other address that the

Insurer or its agents may have in its records for me). In the event that I fail to make the Reimbursement Payment, the Insurer will have the right to commence a lawsuit against me and may recover the amount of the Reimbursement Payment plus all attorneys fees and costs of collecting the Reimbursement Payment. I AGREE THAT (A) SERVICE OF PROCESS IN ANY LAWSUIT TO COLLECT THE REIMBURSEMENT PAYMENT MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED OR OVERNIGHT DELIVERY (AT THE INSURER'S SOLE OPTION) TO THE ADDRESS FOR NOTICES SET FORTH BELOW, AND (B) I HEREBY WAIVE THE RIGHT TO A JURY TRIAL IN ANY SUCH LAWSUIT.

7. Responsible Party. By signing where indicated below, the Responsible Party agrees to be jointly and severally liable with me, the undersigned Tenant, for any and all economic obligations set forth in this Agreement. The Responsible Party agrees to the terms and conditions set forth in paragraph "6" above regarding any demand for reimbursement, including but not limited to (a) the obligation to pay the Insurer's attorneys fees and expenses, (b) accepting service of process by certified mail, return receipt requested or overnight delivery service in the event a lawsuit is commenced, and (c) waiver of the right to a jury trial.

8. Co-Tenants. If I am sharing the Apartment with one or more co-tenants, I understand and agree that the Insurer will be able to seek the full performance of all obligations under the Lease and this Agreement from me, even if a co-tenant may be responsible for a failure to perform any Lease obligation or obligation under this Agreement.

9. Books and Records. Promptly upon receipt of a written request by the Insurer, I will provide copies of all documents concerning the Lease to the Insurer, including but not limited to documents related to rent, security deposit, and physical damage payment records and correspondence with the Landlord.

10. Term. This Agreement and the coverage described in the Lease Residual Value Policy will not under any circumstance apply to any extensions of the term of or renewals of the

Lease. In the event that the Lease is terminated by the Landlord prior to its expiration for any reason, neither I, the undersigned Tenant, nor the Responsible Party will be entitled to any refund or rebate of the Premium, unless otherwise required by law. The reimbursement obligation set forth in paragraph "6" above will survive any expiration of this Agreement.

11. Notices. Notices by any party to any other party may be delivered by hand, by certified mail, return receipt requested, or by overnight delivery service, at the addresses stated below.

12. Acknowledgement. As a material inducement to the Insurer, I acknowledge and represent that I am entering into this Agreement of my own free will, without coercion or undue influences of any type whatsoever. After reviewing this Agreement, the Lease Residual Value Policy, and taking all relevant factors into consideration, I have decided to enter into this Agreement so that I may qualify to lease the Apartment, and neither the Insurer nor the Agent has participated in or influenced that decision in any way.

13. Governing Law. This Agreement will be interpreted in accordance with the laws of the State of New York, without regard to principles of conflicts of law.

14. Miscellaneous. Any amendments or modifications to this Agreement will only be effective if they are in writing and signed by the person against whom enforcement of the amendment or modification is sought. No oral modifications or waivers of any of the requirements of this Agreement will be effective.

This Agreement reflects the full and complete agreement of the parties with respect to my purchase of a Lease Residual Value Policy from the Insurer through the Agent.

CASTLEPOINT INSURANCE COMPANY

By: \_\_\_\_\_  
Managing Vice President

Date: \_\_\_\_\_

\_\_\_\_\_ Date: \_\_\_\_\_  
Tenant Signature  
[Name of Tenant]

Address for Notices (cannot be the same as the Apartment)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ Date: \_\_\_\_\_  
Responsible Party Signature  
[Name of Responsible Party]

Address of Responsible Party

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_