

# GENERAL CONDITIONS OF REAL ESTATE VALUATION PROFESSIONAL LIABILITY INSURANCE

## A. SCOPE OF INSURANCE

### A.1. Purpose

The purpose of these General Conditions is to regulate the procedures and principles regarding the rights and obligations of the persons concerned regarding the Real Estate Valuation Professional Liability Insurance issued for the legal liability imposed on the Real Estate Valuation Institutions authorized to Perform Real Estate Valuation in the Capital Market within the scope of their professional activities and included in the List of Institutions Authorized to Perform Real Estate Valuation in the Capital Market within the scope of the Communiqué on Real Estate Valuation Institutions to Operate in the Capital Market (III-62.3) published in the Official Newspaper dated 31/8/2019 and numbered 30874.

### A.2. Definitions and Abbreviations

**Value:** The real estate value determined as a result of the valuation activity requested with the valuation service contract, as of the date of valuation, in accordance with the International Valuation Standards, and included in the Real Estate Valuation Report,

**Valuation Service Contract:** The contract between the Real Estate Valuation Institution and its client, which determines the rights and obligations of the parties in order to perform the valuation of real estates, real estate projects or real estate-based rights and benefits,

**Real Estate Valuation Institution:** Institutions authorized and listed by the Capital Markets Board to perform valuation activities in accordance with the provisions of the Communiqué on Real Estate Valuation Institutions to Operate in the Capital Market (III-62.3) of the Capital Markets Board and providing valuation services,

**Valuation Communiqué:** The Communiqué on Real Estate Valuation Institutions to Operate in the Capital Market (III-62.3) published in the Official Newspaper dated 31/8/2019 and numbered 30874,

**Valuation Expert:** Valuation experts defined in the Valuation Communiqué,

**Real Estate:** Real estates defined in Article 704 of the Turkish Civil Code No. 4721 and included in the subject of real estate ownership,

**Real Estate Valuation Report:** The report prepared as a result of the valuation activity performed on the valuation date within the framework of the International Valuation Standards and Valuation Service Agreement as a result of the valuation activity requested with the valuation service contract,

The retroactive effect date is the date specified in the policy after which the faulty actions that will occur will be compensated. In newly issued policies, unless otherwise agreed by the

parties, it is the policy start date, and in policies renewed without interruption, it is the start date of the first issued policy, provided that all renewed policies from the same insurance company are issued in accordance with the provisions of these general conditions.

SPK: Capital Markets Board,

TDUB: Turkish Valuation Experts Association

International Valuation Standards: Standards published within the framework of the “Communiqué on Valuation Standards in Capital Markets (III-62.1)”, which was published in the Official Newspaper dated February 1, 2017 and numbered 29966 and entered into force

Manager: Personnel who serve as board members, general managers, assistant general managers in the valuation institution, and personnel who do not have these titles but serve in positions equivalent to or higher than these positions in terms of their authorities and duties.

Concepts not defined in these General Conditions are used with the meanings specified in the Valuation Communiqué.

### A.3. Scope of Insurance

The insurer covers the insured up to the coverage limit specified in the policy against any compensation claims that third parties may bring against it due to Losses arising from an incorrect valuation or failure to provide information that would affect the value as a result of errors, negligence or faults committed by the insured during the preparation of the Real Estate Valuation Report prepared upon the request of the insured's customers.

The insurer's responsibility is to cover the insured's actual loss within the coverage limits in the event of the risk occurring. Therefore, the damage resulting from incorrect valuation is the damage resulting from errors, negligence or faults during the preparation of the Real Estate Valuation Report during the period when the valuation was made.

In order for a compensation claim to be covered by the insurer under this insurance,

The valuation process subject to compensation must comply with the provisions of the International Valuation Standards,

It must be related to an event that requires the insured's responsibility, occurring during the policy period or before the policy start date, provided that it is within the insurance period specified in the policy or not before the retroactive effect date,

The compensation claim must be directed to the insurance company as a result of the professional activity carried out during the specified insurance period, both during the contract period and within two years from the end of the contract,

Unless all of these conditions are met together, the insurer will not have any payment obligations under the liability insurance.

In cases where the compensation claim made to the policyholder or the insured is not put forward through a notary notice, enforcement proceedings, lawsuit or other official means,

the burden of proof that the written request was made within the insurance period (extended notification period, if any) belongs to the policyholder or the insured.

The coverage provided by this policy is limited to monetary losses incurred as a result of errors, negligence and faults in the valuation service provided by the policyholder. In the event of an incorrect valuation, the insurance does not undertake to cover in advance the difference between the value appraised and the actual value of the relevant real estate on the valuation date; it covers the actual monetary loss/damage resulting from this error up to the policy limit within the scope of causality.

After it is determined that the damage is within the scope of the policy, if the real estate was purchased as a deduction for the receivable, this amount and any other benefits provided by the customer, if any, are offset, and the compensation is calculated.

This insurance covers the coverage of legitimate compensation claims made against the insured or the assistance provided in the defense of the insured against unfair or excessive compensation claims. Documented litigation expenses incurred due to the defense made on behalf of the insured against any compensation claim and the attorney fee of the attorney appointed by the insured are limited to 10% of the coverage limit, provided that they do not exceed the fee specified in the attorney minimum fee schedule. In the event that the compensation claim against the insured is accepted by the court, the attorney expenses of the claimant are evaluated within this limit. In order for the payment to be made by the insurer, the presentation of the Attorney Service Agreement signed between the parties and the prepared Freelance Receipt is required.

In the event that the insured terminates his/her professional activity, claims that may arise up to two years after the termination date of the contract due to his/her professional activity during the last insurance contract period are also covered.

Legal liabilities that may fall on the insured due to defects in the works carried out or planned by solution partners, subcontractors or third parties operating under the supervision of the insured can be covered with an additional contract.

#### A.4. Geographical Limit of Insurance

This insurance is valid for the professional activities of the insured within the borders of the Republic of Turkiye.

#### A.5. Cases Excluded from Coverage

The following cases are excluded from insurance coverage:

1. Claims for compensation related to reports prepared by those who are not included in the list of Real Estate Appraisal Institutions authorized by the CMB to perform valuation activities as of the date the report is prepared or whose licenses have not been renewed or canceled,
2. Claims for compensation brought forward due to differences between the amount obtained using the method used in the valuation of the real estate and the amount calculated using a different method, as stated in the Valuation Service Agreement,

3. Claims for compensation related to any indirect Losses (consequential Losses) such as loss of profit, market loss or similar Losses that may occur due to any faulty act or avoidance,
4. Claims for compensation related to Losses arising from failure to comply with the time limit determined for all or part of the work undertaken in relation to the professional activity specified in the policy,
5. Claims for compensation related to Losses arising from special commitments and performance guarantees given,
6. Claims for Losses that may occur as a result of non-observance or misuse of commercial and/or industrial secrets Losses,
7. Losses that may occur due to market conditions, zoning plan changes and all kinds of negative physical changes that may affect the value of the real estate subject to valuation, external depreciation, earthquakes and all other natural disasters, financial crises and similar reasons,
8. Losses arising from any initiative or recommendation made regarding financial matters, real estate or commercial matters and that may be evaluated within the scope of investment consultancy,
9. Compensation claims arising from non-compliance with the Valuation Service Agreement and its annexes,
10. Losses arising from any kind of document loss, whether or not stored in any computer-based or electronic environment, written, printed or reproduced by any method (or similar), or loss or destruction of information and materials given to the care, supervision and control of the insured;
11. Punitive Losses; Fines, penalties, punitive or exemplary Losses,
12. Compensation claims brought by the insured or persons acting on behalf of the insured or employees of the insured, a company of which these persons are directors, or a company managed or predominantly controlled by the insured (subsidiary, etc.), or a company financially related to the operations of the insured (parent company, joint office, etc.), or a company whose employees are involved in the operations of the insured;
13. Bodily injuries and property/object Losses and all kinds of consequential Losses related to these,
14. Compensation claims directed to the insured as the owner (the insured being the owner), renter, operator, maintenance liable, user, repairer, tenant or occupier of a movable or immovable property,
15. Compensation claims regarding all kinds of Losses or losses for which the insured may be held liable under labor law as an employer to the persons he/she employs;

16. Losses that the insured may incur due to his/her activities,
17. Calculations made according to any valuation method other than the standards determined by TDUB that do not violate the International Valuation Standards and International Valuation Standards,
18. Claims for compensation arising from professional services for projects/works on the sea or under water,
19. Claims for compensation for losses or Losses that occur directly or indirectly as a result of or related to war, invasion, foreign enemy actions, or war-like operations (whether war is declared or not) and/or civil war, military rebellion, civil unrest reaching the level of civil uprising, military uprising, rebellion, revolution, use of military force or coercion, terrorist acts committed by persons acting on behalf of or in connection with a person or an organization, (Terrorist acts here mean the use of violence for political purposes and include acts of violence committed with the intention of instilling fear in society or a section of society. (In any lawsuit or proceeding regarding losses or Losses that the insurer excludes within the scope of this exception, the burden of proving that the loss or damage in question is covered by the coverage shall be on the insured.)
20. Claims for compensation arising from an event that occurred between the return date specified in the policy and the date of the insurance contract and that the insured knew or had to consider or consciously avoided learning would result in a claim for compensation against him/her, or claims made against the insured within the same period,
21. Claims for Losses that may occur as a result of slander or defamation,
22. Liabilities arising from the activities of the insured as the chairman or member of the board of directors or audit board of a legal entity or as an official official such as a trustee or liquidator,
23. Claims for Losses arising from any service related to the legal regulations of other countries,
24. Losses arising from activities other than real estate appraisal activities,
25. Any other claim not included in the Appraisal Service Contract compensation claims that will be made by claiming that the Real Estate Appraisal Report is erroneous based on the result or value to be reached with the valuation method, (The Real Estate Appraisal Report is prepared with the valuation purpose determined by the Valuation Service Agreement and the valuation method to be used in the valuation activity.)
26. Compensation claims arising as a result of intentional and/or criminal acts of the insured or their employees,
27. In the case of loans provided by banks and other financial institutions, in cases where the bank, outside of the banking practice, uses its discretionary right on behalf of the

customer and provides loans exceeding the real estate value, in cases where the real estate value is determined higher in order to increase the credit value, Losses arising due to the loan that the bank assumes with commercial risk and exceeds the real value.

28. Losses caused by interventions by third parties that may affect the value of the real estate, decreases in value resulting from malicious acts,

29. Compensation lawsuits filed in a court other than the courts of the Republic of Turkiye and international arbitration;

30. All kinds of unfair competition.

#### A.6. Coverage Limit and Insurance Premium

The insurer's liability for compensation claims arising from Losses that may occur during the effective period of this insurance shall not exceed the limit specified in the policy per incident and in total, in terms of all expenses required for investigating, defending against or terminating such claims through a settlement agreement.

However, the coverage limit shall never be less than 5 percent of the valuation institution's expected annual turnover.

In the event of a damage, the compensation limit and conditions stated in the policy valid on the date of the damage claim shall be taken as basis.

The insurer;

(a) It may issue a single annual policy that will cover the compensation claims to be directed to the insured within the policy period based on the valuation reports conducted after the retroactive impact date, by agreement with the insured, or

(b) It may issue a policy that will cover the compensation claims to be directed to the insured within the policy period based on the valuation reports conducted after the retroactive impact date, separately for each valuation report, and with the monthly notifications made during the policy period and the price multiplier agreed upon at the beginning of the policy and monthly premium accrual addendums.

#### A.7. Start and End of Insurance

Insurance shall start at 12:00 noon Turkish time on the days written as start and end dates in the policy, unless otherwise agreed upon, and shall end at 12:00 noon.

The policy shall end on the maturity date written on it. The provision of insurance coverage for the new period will only be possible if the parties explicitly agree on this matter in writing.

### B. DAMAGE AND COMPENSATION

#### B.1. Realization of the Risk

The risk is deemed to have occurred when the compensation claim regarding the incorrect valuation is submitted to the insured or the insurer in writing.

A situation that gives rise to a series of compensation claims will be considered a single event under the following conditions and the risk will be deemed to have occurred when the first written compensation claim is submitted to the insured or the insurer.

a) All compensation claims related to different Losses caused by a single faulty act or negligence (faulty acts or negligences caused by the same or similar reason will be considered as a single act or negligence, provided that they are legally or financially related),

b) More than one act or negligence causing the same damage,

c) The same compensation claim directed against more than one responsible person covered by the same policy,

d) Compensation claims related to different Losses caused by faulty acts or negligence in a single report prepared for more than one real estate located in the same island and parcel number,

Will be considered as a single incident.

## B.2. Insured Obligations Regarding Risk

The insured is obliged to fulfill the following:

a) Notify the insurer immediately that the risk has occurred as soon as he/she is informed,

b) Notify the insurer of the events that will necessitate the insured's liability within ten days,

c) Take all necessary measures to prevent, reduce and prevent the increase of the damage as if there was no insurance contract, to the extent of his/her means, and to comply with reasonable instructions regarding insurance, other than professional activities, to be given by the insurer for this purpose,

d) Upon the insurer's request, determine the cause of the event and damage, the circumstances and conditions under which it occurred and its consequences; to provide information and documents that can be obtained within a reasonable time, which will be useful for the exercise of the compensation obligation and amount and the right of recourse,

e) In cases where a compensation claim is made due to the damage, through lawsuits or other means, or a criminal prosecution is initiated against the insurer, to immediately inform the insurer of the situation and to provide the insurer with all the notifications, invitations and similar documents it has received regarding the compensation claim and criminal prosecution without delay,

f) If there are any other insurance contracts related to the subject of the insurance, to inform the insurer of these,

g) To always keep accurate and detailed records regarding the services it has provided and to keep the records related to the compensation claim open to the examination and use of the insurer and/or its representatives, to provide the insurer or its representatives with all kinds of information, assistance and signed declarations that the insurer may request,

h) The insured cannot make a settlement with any person or institution that makes a compensation claim regarding a loss covered by this policy without the knowledge and approval of the insurer, or cannot accept or acknowledge its liability, in whole or in part, to such persons or institutions, and to pay compensation cannot pay or make a payment as a deduction for compensation. In case of detection of the contrary, the Insured loses all of his/her rights arising from the insurance and cannot benefit from insurance protection in any way.

### B.3. Rights, Obligations and Liabilities of the Insurer Regarding the Risk

#### B.3.1. Payment of Compensation

In the event of the occurrence of the risk, except for special cases, the documents to be requested must be clearly and understandably stated in the policy annex.

When the debt becomes due, the insurer goes into default without the need for a notice.

Contract provisions that provide for the insurer to be relieved of the default interest payment obligation are invalid.

In order for the damage to be determined, the rights holder must submit all necessary documents in the annex of these General Conditions to one of the insurer's headquarters or branches.

#### B.3.2. Assistance to the Insured

In the event of a lawsuit (including administrative lawsuits), the insurer will be involved in the lawsuit at every stage upon the notification of the insured, in order to follow up and manage it. The insured must provide the necessary power of attorney to the lawyer to be nominated by the insurer. The insurer is obliged to pay the litigation expenses and attorney fees according to the outcome of the lawsuit within the framework of general provisions. However, if the awarded compensation exceeds the insurance amount, the insurer shall pay these expenses within the ratio of the insurance amount to the compensation.

In the event that criminal prosecution is initiated against the insured, the insurer shall also participate in the defense with the permission of the defendant. In such a case, the insurer shall only pay the expenses of the attorney it has chosen.

If the insured has not obtained the approval of the insurer and the approval is not given within fifteen days from the notification, the settlement agreement is invalid against the insurer; the insurer cannot refrain from approving the settlement for unjustified reasons. The insurer shall be obliged to pay the expenses made in accordance with the procedure related to the settlement.

The insurer has the absolute right to wait for the request to be concluded with a final court decision or to reach an agreement with the person requesting compensation at any time it



deems appropriate, following its own assessment of all compensation claims constituting the subject of this policy.

#### B.3.3. The Insurer's Right to Obtain Information from the Damaged Person

The insurer may request information from the injured person in order to determine the event causing the damage and the amount of the damage. The injured party must provide the insurer with all relevant documents that are likely to be provided and whose request may be justified. In the event that the injured party fails to comply with this obligation, the insurer's liability is limited to the amount it would have had to pay if the obligation had been fulfilled, provided that the situation has been notified to the injured party in writing.

If the required documents are not provided to the Insurer and the nature and amount of the damage cannot be calculated, the Insurer will not be liable for this situation. The party that causes the damage to increase due to the failure to present the documents will be liable for the increased damage.

#### B.4. Subrogation

The Insurer legally replaces the Insured for the amount of compensation paid under this policy and gains the right to recourse against the persons and organizations whose actions and attitudes have caused the Insured's liability. The Insured shall provide the Insurer or its representatives with any information, documents, assistance and signed declarations that may be requested by the Insurer that may be useful in exercising the right of recourse. Recourse will be given to the debtor in the amount of the unjust enrichment for the credit debt paid as a result of the erroneous valuation.

#### B.5. Direct Right to Action

The injured party may directly request compensation for the part of the damage suffered up to the insurance amount from the insurer, provided that it remains within the statute of limitations applicable to the insurance contract.

#### B.6. Insurer's Right to Recourse to the Insured

Recourse to the policyholder is mainly due to the following reasons:

a) In cases where an addendum must be made upon the request of the insured, and if the insured does not make such a request, the part of the compensation paid that corresponds to the missing premium rate is recourse to the insured.

b) Recourse to the insured is made to compensation claims regarding Losses resulting from non-compliance with legal regulations regarding the professional activity specified in the policy.

### C. MISCELLANEOUS PROVISIONS

#### C.1. Payment of Insurance Premium and Commencement of the Insurer's Liability

The insurer's liability begins with the payment of the premium. Unless otherwise agreed, the insurer's liability does not begin in the event of non-payment of the premium, even if the policy has been delivered, and this condition is written into the policy.

#### C.2. Obligation to Declare and Sanctions in Making a Contract

The policyholder is obliged to inform the insurer of all important matters that he/she knows or should know at the time of making the contract. Matters not notified to the insurer, incompletely or incorrectly reported are considered important if they necessitate the contract not being made or being made under different conditions. Matters asked in writing or verbally by the insurer are considered important until proven otherwise.

If the insurer has given the policyholder a list of questions to answer, no liability can be imposed on the policyholder for matters other than those included in the list provided; unless the policyholder has maliciously concealed an important matter.

If the real situation of a matter or fact that was not reported or reported incorrectly is known by the insurer, the insurer cannot withdraw from the contract by claiming that the obligation to declare has been violated. The burden of proof lies with the policyholder.

If a matter that is important to the insurer has not been reported or reported incorrectly, the insurer may withdraw from the contract or request a premium difference within fifteen days from the date on which it learns that the obligation to declare has been violated. If the requested premium difference is not accepted within ten days, the contract is deemed to have been withdrawn. The fact that an important matter was not learned as a result of the policyholder's fault or was not considered important by the policyholder does not change the situation. In the event of withdrawal, if the policyholder is intentional, the insurer is entitled to premiums for the period during which the risk was carried. The right of withdrawal cannot be exercised if the exercise of this right has been expressly or implicitly waived, if the insurer caused the breach that led to the withdrawal, or if the insurer concluded the contract despite some of its questions being left unanswered.

In cases where it is determined after the risk has occurred that the declaration obligation has been breached by the negligence of the policyholder, if this breach is of a nature that may affect the amount of compensation or the occurrence of the risk, a reduction is made from the compensation according to the degree of negligence. If the policyholder's fault is at the level of intent, if there is a connection between the breach of the declaration obligation and the risk that occurred, the insurer's obligation to pay compensation or amount is eliminated; if there is no connection, the insurer pays the insurance compensation or amount by taking into account the ratio between the premium paid and the premium that should have been paid.

The above provisions regarding the declaration obligation also apply to changes between the offer being made and its acceptance.

### C.3. Declaration Obligation During the Continuation of the Contract

After the conclusion of the contract, the insured cannot engage in behaviors and transactions that would aggravate the risk or the current situation and increase the amount of compensation without the permission of the insurer.

If the policyholder or someone else with his/her permission performs actions that increase the probability of the risk occurring or aggravates the current situation, or if one of the events that were explicitly accepted as aggravation of the risk during the conclusion of the contract occurs, he/she shall immediately notify the insurer; if these actions were performed without

his/her knowledge, within ten days at the latest from the date he/she learned about this situation.

If the insurer learns about the probability of the risk occurring or the aggravation of the current situation or the existence of events that can be accepted as aggravation of the risk in the contract during the term of the contract, he/she may request a premium difference.

#### C.4. Status of the Policyholder and the Insured

In cases where legal consequences are attached to the knowledge and behavior of the policyholder, the knowledge and behavior of the insured and the beneficiary shall also be taken into consideration, provided that he/she is aware of the insurance.

#### C.5. Notifications and Notices

Notifications of the policyholder and the policyholder shall be made to the insurance company's headquarters or the agency that concludes or mediates the conclusion of the insurance contract.

The insurer's notifications, if they are to be made against the insured, shall be made to the insured's address last notified, and if they are to be made against the policyholder, to the policyholder's address last notified, by notary or registered mail.

Notifications made to the parties by hand in return for signature via letter or telegram shall also be deemed registered mail.

Notifications made electronically using secure electronic signatures and which can be proven to have reached the insurer, the insured and the policyholder shall also be deemed valid.

#### C.6. Termination of the Insurance Contract

The insurance contract shall be terminated in the event of termination of the professional activity defined in the policy, bankruptcy of the insurer, termination of the contract and withdrawal from the contract.

Subject to special provisions arising from the legislation, the premium for the days not processed shall be returned to the policyholder in the event of termination of the contract.

#### C.7. Special Reasons for Termination

In cases such as the insurer's bankruptcy, declaration of composition, cancellation of its license for the relevant insurance branch or removal of its authority to conclude contracts; The policyholder may terminate the insurance contract within one month from the date on which he/she learns of these facts, provided that a new policy is made in a manner that does not lead to loss of coverage.

The policyholder may request a guarantee from the insurer who has become insolvent or whose legal proceedings have failed to yield results, that the commitment will be fulfilled. If the guarantee is not provided within one week of this request, the policyholder may terminate the contract, provided that a new policy is drawn up in a manner that will not lead to a lack of guarantee.

#### C.8. Confidentiality of Commercial and Professional Secrets

The insurer and those acting on behalf of the insurer are liable for Losses arising from the failure to keep secrets that they will learn about the insured and the policyholder due to the conclusion of this contract.

#### C.9. Statute of Limitations

All claims arising from the insurance contract shall become time-barred two years from the date the receivable becomes due, and claims regarding insurance compensation shall become time-barred ten years from the date the risk occurs.

#### C.10. Special Conditions

The parties may agree on special conditions that will not be to the detriment of the policyholder and the insured.

#### C.11. Cases Not Provided

In cases not provided for in these General Conditions, the General Conditions of Professional Liability Insurance shall apply.

#### C.12. Entry into Force

These General Conditions shall enter into force on 06.04.2020.

#### Annex 1: Documents to be Requested for Compensation Payments

- a) Service contract between the insured valuation institution and the persons it provides services to,
- b) If applicable, credit agreement between the bank/related financial institution and the customer,
- c) If applicable, credit application form, credit file consisting of additional documents requested in the credit application, bank account movements regarding the provision and repayment of the credit and correspondence with the relevant parties,
- d) Valuation report prepared by the insured,
- e) All kinds of land registry records and relevant municipality or ministry records regarding the real estate,
- f) Information and documents regarding the compensation claim directed to the insured,
- g) Copy of enforcement file, if applicable,
- h) Valuation report prepared by another valuation institution for comparison or prepared by an expert appointed by the court or enforcement office in the files subject to the lawsuit,
- i) Copy of lawsuit file, if applicable,

j) Statement and request of the insured.