

Insurance Specifications: Permanent Coverage

ALL INSURANCE CARRIERS MUST BE A.M. BEST'S RATED A- VI OR HIGHER

The Certificate Holder with rights of direct notice must be National Equity Fund, Inc.

Note: Each Certificate/Binder must include a producer contact name and phone number.

PARTNERSHIP POLICIES

A. Property

Policy Limits:

Building Coverage 100% insurable Replacement Value
Contents Coverage 100% insurable Replacement Value of Partnership owned contents
Loss of Rents 100% of Annual Rent Revenues

Perils: "Special Causes" of direct physical loss subject to the policy terms, conditions, and exclusions

Flood Insurance: Mandatory for property within 100 Year Flood Zone

Earthquake Insurance: May be required if project in earthquake-prone Zone 3 or 4.
NEF will determine requirement based on seismic evaluation.

Deductible: Not to exceed \$5,000

Extensions: Vacancy/Unoccupancy up to 60 days.

B. Mechanical Breakdown /Boiler & Machinery

Only applies to central systems and/or elevators per code Total Building Value Limit
Comprehensive Form, including Mechanical Breakdown

C. Commercial General Liability

SPECIAL NOTE – Additional Insured Compliance Information

The Partnership ownership funding structure was modified commencing with project closing in the year 2000. Prior to 2000, the investor fund was named in the Partnership Agreement. Beginning in 2000, the Partnership Agreement names NEF Assignment Corporation, an Illinois not-for-profit corporation, as nominee.

Project Partnerships – Prior to 2000

Additional Insureds: National Equity Fund, Inc.
National Equity Fund (Year) Limited Partnership

OR

National Equity Fund, Inc.
California Equity Fund (Year) Limited Partnership

Project Partnerships – 2000 or Later

Additional Insureds: National Equity Fund, Inc.
NEF Assignment Corporation, as Nominee

MANDATORY COVERAGE LIMIT COMPLIANCE

Refer to *Guidelines* for acceptable Occurrence/Aggregate Limits for any Project with more than 60 units OR a combined placement program.

Minimum Limits:	\$2,000,000	Aggregate Limit
	\$1,000,000	Personal & Advertising Injury
	\$1,000,000	Each Occurrence
	\$ 50,000	Fire Damage

PROPERTY MANAGEMENT POLICIES

Applicable to Contracted Property Management providers AND General Partner Affiliate management operations.

A. Workers' Compensation

Limit: Statutory as per applicable state laws
Employers' Liability: \$100,000 Each Accident
\$500,000 Disease - Policy Limit
\$100,000 Disease - Each Employee

B. Fidelity Bond Equal to four months potential maximum gross rents.
(Employee Dishonesty)

PERMANENT COVERAGE

Commercial General /Excess Liability Guidelines

Per Project/Location Placement

<u>Number of Units</u>	<u>Minimum Primary/Excess Liability Limits</u>
Less than 60	\$1,000,000 Occurrence/\$2,000,000 Aggregate
60-120	\$2,000,000 Occurrence/\$2,000,000 Aggregate
120-180	\$3,000,000 Occurrence/\$3,000,000 Aggregate
180-250	\$4,000,000 Occurrence/\$4,000,000 Aggregate
Greater than 250	To Be Determined

Combined Placements

The developer may satisfy insurance requirements by procuring a placement combining multiple projects rather than separate policies per project/location. To attain an appropriate level of insurance on multiple risks, the insurance is secured in layers.

The insurance coverage that responds to claims on a first dollar basis is referred to as the primary policy. Additional coverage, which attaches over the primary, is known as excess insurance. In addition, the combined placement limits are determined based on the policy form specifying how the policy limit is applied and attained.

A General Liability primary coverage limit may be a policy limit or a location limit. It is preferred on a combined placement that the primary insurance is secured on a Per location basis. The primary policy should include a Designated Location(s) General Aggregate Limit endorsement.

Additional General Liability insurance provided as excess coverage's will generally be provided as policy limit. An excess policy that will provide coverage on Per location basis is known as a following form policy. Excess coverage for a schedule of multiple risks is generally underwritten for the policy limit, which provides a finite limit. An acceptable combined placement will be:

Coverage

Primary Policy
Excess Policy

Limit Conditions

Per Location –OR- Per Policy Limit
Policy Limit

Combined Limit Guidelines

Guidelines for combined placements consider the number of locations/projects plus the number of units for combined primary (per location and excess liability (policy) limits.

<u>Projects</u>	<u>Units</u>	<u>Minimum Primary/Excess Liability Limit</u>
2-3	40-80	\$2,000,000 Occurrence/\$2,000,000 Aggregate
2-5	80-250	\$4,000,000 Occurrence/\$4,000,000 Aggregate
4-7	250-500	\$5,000,000 Occurrence/\$5,000,000 Aggregate
8-12	500-1500	\$10,000,000 Occurrence/\$10,000,000 Aggregate
12-20	1200-3000	\$15,000,000 Occurrence/\$15,000,000 Aggregate
15-25	1800-7000	\$20,000,000 Occurrence/\$20,000,000 Aggregate
20-100	2500- TBD	To Be Determined

Certificates of Liability Insurance

A certificate is a legal document confirming the insurance coverage is currently in force and profiles the coverage to the certificate holder. To assure the adequate amount of coverage has been secured; National Equity Fund, Inc. Risk Management will require that all Certificates of Liability Insurance for combined placements indicate the coverage limit conditions.

Coverage

General Liability
Excess Liability

Limit Conditions

Per Location/Project –OR-- Policy Limit
Policy Limit

Advisory

To assure the proper insurance placements and documentation, it is important to provide these guidelines to the licensed insurance producer securing coverage on behalf of the Project Limited Partnership(s)/LLC(s).