

Insurance Specifications (JPMCC) During Construction

1. GENERAL REQUIREMENTS:

- All insurance carriers must be A.M. Best & Company rated A VIII or better.**
- All project insurance policies must have a 30 days' notice of cancellation, except For non-payment of premium, in which case, ten (10) day's notice must be given**
- Policy numbers and Effective Dates must be evidenced on the certificate prior to closing.**
- If the "Named Insured" on the insurance policy is different from the name of the Project, then the Certificate of Insurance/Evidence of Property should state, in the "Description" section, both (i) the name of the Project, and (ii) the name of the operating entity that legally owns the Project.**
- The property address/location must be clearly stated on each Certificate/Evidence.**

Builders Risk coverage must be evidenced on an ACORD 28 (20003/10). The Evidence of Property Insurance must convey all rights and privileges afforded by the policy.

PARTNERSHIP POLICIES

A. Builder's Risk/Property

Policy Limit: "Hard Costs" – equal to the Replacement Cost of the completed Construction value

"Soft Costs" – for construction period interest, taxes, insurance, Financing fees, lease up, marketing, rent loss, and architect/engineers Supervision fees

Note: On rehab projects, the building value (shell) is to be included in the Builder's Risk policy OR a separate Property policy

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

Coverage must include:

- Debris Removal
- In-Transit & Off Site Storage
- Ordinance & Law Coverage is required if project is Legal Non-Conforming
- Waiver of Subrogation in favor of "FNBC Leasing Corporation
- Its successors or assign"

Flood Insurance:	Mandatory for property within A and V Zones. NEF reserves the right to require flood insurance for property in shaded Z Zones (formerly B Zone), X Zones (formerly C Zone), and D Zone (undetermined risk areas and property not mapped by FEMA)
Wind:	Mandatory for properties in First Tier counties or deemed as high-risk
Earthquake Insurance:	May be required if project in earthquake-prone area (Zone 3 or 4). NEF will determine requirement based on seismic evaluation.
Valuation:	Policy shall provide for claims to be paid based on a Replacement Cost Basis for the lost or damage property without deduction for depreciation Coinsurance is strictly prohibited unless Agreed Amount is endorsed
Deductible:	Not to exceed \$5,000
Extensions:	Soft Costs plus Loss of Rents If occupied during construction, a permission to occupy endorsement is required.

B. Mechanical Breakdown/Boiler & Machinery

Mechanical Breakdown/Boiler & Machinery applies to all properties which have a central system and/or elevator per code. During construction a minimum of Equipment Testing is required. Coverage shall be provided for the total Building value, comprehensive form (including Mechanical Breakdown).

In addition the Builder's Risk policy should provide:

The following entities as Named Insured:

- "#ni"

The following entities as Additional Insured:

- "FNBC Leasing Corporation its successors and assigns"
- "NEF Investment Partners Fund LLC"
- "NEF Community Investments, Inc."
- "National Equity Fund, Inc."

Please provide an ACORD 25 (Certificate of Liability) including a contact, name, and email signed by an agent or broker evidencing the following:

C. Commercial General Liability – Primary Coverage

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

The General Liability limits must apply on a "Per Location" basis (each location separately). Please be sure to check the "LOC" box indicating such. Should the limits apply on a "Policy" or shared basis a schedule of locations must be produced and additional liability may be required.

In additional the Commercial Liability Insurance must provide:

The following entities as Named Insured

- "#ni"

The following entities as Additional Insured:

- "FNBC Leasing Corporation its successors and assigns"
- "NEF Investment Partners Fund LLC"
- "NEF Community Investments, Inc."
- "National Equity Fund, Inc."

D. Excess/Umbrella Liability

Such additional coverage shall be required if the Project Limited Partnership is an Additional Insured on the General Partners General Liability coverage, which combines exposures for operations and/or vacant properties plus other projects.

E. Deductible: Not to exceed \$5,000

Please note, NEF does not accept Owner's & Contractor's Protective (OCP) policies for the Limited Partnership.

Please provide an ACORD 25 (Certificate of Liability) including a contact, name, and email signed by an agent or broker evidencing the following:

PROPERTY MANAGEMENT COMPANY/AGENT POLICIES

Note: Required for projects that have occupied units during construction.

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)

C. Commercial General Liability

Minimum Limits:	\$2,000,000	Aggregate Limit
	\$500,000	Bodily Injury
	\$1,000,000	Combined Single Limit

In additional the Commercial Liability Insurance must provide:

The following entities as Named Insured

- "#ni"

The following entities as Additional Insured:

- "FNBC Leasing Corporation its successors and assigns"
- "NEF Investment Partners Fund LLC"
- "NEF Community Investments, Inc."
- "National Equity Fund, Inc."

D. **Auto Liability** \$1,000,000 Bodily Injury & Property Damage
Including Hired & Non-Owned Autos

E. **Excess/Umbrella Liability**
An amount deemed prudent by investor for projects with more than 50 units or more than 3 stories

Please provide an ACORD 25 (Certificate of Liability) including a contact, name, and email signed by an agent or broker evidencing the following:

Contractors are required to carry Commercial General Liability – Primary Coverage, along with mandatory Excess/Umbrella coverage and Workers’ Compensation. Approval for lower excess limits will be restricted AND based on scope of work (i.e. rehab); location and size of contract

CONTRACTORS’ POLICIES

A. **Commercial General Liability - Primary Coverage**

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

- Maximum \$10,000 deductible or retention
- XCU (Explosion/Collapse/Underground)

The General Liability limits must apply on a “Per Location” basis (each location separately). Please be sure to check the “LOC” box indicating such. Should the limits apply on a “Policy” or shared basis a schedule of locations must be produced and additional liability may be required

In additional the Commercial Liability Insurance must provide:

The following entities as Named Insured

- “#ni”

The following entities as Additional Insured:

- “FNBC Leasing Corporation its successors and assigns”
- “NEF Investment Partners Fund LLC”
- “NEF Community Investments, Inc.”
- “National Equity Fund, Inc.”

B. **Automobile Liability**

\$1,000,000

C. **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

D. **Excess/Umbrella Liability**

Minimum Limit: \$5,000,000 Occurrence/\$5,000,000 Aggregate

**E. Payment & Performance Bond OR Letter of Credit
MUST BE A.M. BEST RATED AT LEAST A VIII**

Please provide an ACORD 25 (Certificate of Liability) including a contact, name, and email signed by an agent or broker evidencing the following:

ARCHITECTS' POLICIES

Architects are required to carry Professional Liability (E&O) and Workers' Compensation Coverage. Executed contracts may not be limit liability to architect fees. Architect design for NEW construction with hard costs greater than \$20 million will require increase Professional Liability in an amount approved by National Equity Fund, Inc.

NOTE: Applicable to the project Architect and any Civil, Structural, Mechanical, Plumbing and Electrical Engineer that has executed a contract directly with the Project Partnership.

A. Professional Liability

Minimum Limit: \$1,000,000 Occurrence/\$1,000,000 Aggregate

B. 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

Please provide an ACORD 25 (Certificate of Liability) including a contact, name, and email signed by an agent or broker evidencing the following:

ENVIRONMENTAL CONSULTANTS

Phase I or II Contracted Services

Professional Liability (Errors & Omissions)

Minimum Limit: \$1,000,000 Occurrence/\$1,000,000 Aggregate

Certificate of Liability must stipulate the following:

Description of Operations Section: Professional Liability coverage has no exclusions for negligence in the performance of nature of operations.

Construction Period Property Insurance Coverage Worksheet

I. Hard Costs		<u>Values</u>	
(A)	Building Shell (Existing Building) \$65 per sq. ft. x _____ sq. ft. (1 st floor and above)	\$ _____	
(B)	Direct Construction Costs Site Improvements Construction Contingency Materials Temporarily Stored Off Site	\$ _____ \$ _____ \$ _____ \$ _____	
	Completed Value = (A+B)		\$ _____
II. Soft Costs of Construction			
(C)	Include Project Financial Projections amounts during construction period for: Construction Period Interest Taxes Insurance Architect's/Engineer's Supervision Fees Financing Fees Lease Up Marketing Rent Loss Soft Costs Limit (total)	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____	
	Total Insurable Values I & II		\$ _____

**The above worksheet is to used as a guide in determining appropriate building values during the course of construction. Consult your insurance representative to determine the appropriate factors needed to determine proper building values.