1. **GENERAL REQUIREMENTS:**
   All insurance carriers must be A.M. Best & Company rated A VIII or better.

2. 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.

3. Policy numbers and Effective Dates must be evidenced on the certificate prior to closing.

4. 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.

5. 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. Coincidence 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

<table>
<thead>
<tr>
<th>Minimum Limits:</th>
<th>Aggregate Limit</th>
<th>$2,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Personal &amp; Advertising Injury</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td>Each Occurrence</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Deductible:</td>
<td>Fire Damage</td>
<td>$ 50,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(A) Building Shell (Existing Building)</strong> $65 per sq. ft. x ________ sq. ft. (1&lt;sup&gt;st&lt;/sup&gt; floor and above)</td>
<td>$ __________</td>
</tr>
<tr>
<td><strong>(B) Direct Construction Costs</strong> Site Improvements Construction Contingency Materials Temporarily Stored Off Site</td>
<td>$ __________ $ __________ $ __________ $ __________</td>
</tr>
</tbody>
</table>

Completed Value = (A+B) $ __________

## II. Soft Costs of Construction

<table>
<thead>
<tr>
<th>Description</th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(C) Include Project Financial Projections amounts during construction period for:</strong></td>
<td></td>
</tr>
<tr>
<td>Construction Period Interest</td>
<td>$ __________</td>
</tr>
<tr>
<td>Taxes</td>
<td>$ __________</td>
</tr>
<tr>
<td>Insurance</td>
<td>$ __________</td>
</tr>
<tr>
<td>Architect’s/Engineer’s Supervision Fees</td>
<td>$ __________</td>
</tr>
<tr>
<td>Financing Fees</td>
<td>$ __________</td>
</tr>
<tr>
<td>Lease Up</td>
<td>$ __________</td>
</tr>
<tr>
<td>Marketing</td>
<td>$ __________</td>
</tr>
<tr>
<td>Rent Loss</td>
<td>$ __________</td>
</tr>
</tbody>
</table>

Soft Costs Limit (total) $ __________

Total Insurable Values I & II $ __________

**The above worksheet is to be 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.**