



MINIMUM ACCEPTABLE INSURANCE REQUIREMENTS FOR COMPLETED PROJECTS

Upon completion of construction/renovation, the Partnership shall obtain and maintain the following insurance for the duration of the investment period.

PROJECT PARTNERSHIP INSURANCE COVERAGES:

Property

Limits: Amount of insurance shall be the full insurable replacement cost of the building and personal property subject to the investment. Policy shall include loss of rental income in an amount equal to 100% of the annual rent revenue.

Valuation: Replacement Cost. Co-insurance is prohibited unless policy includes an Agreed Amount Endorsement.

Perils: All Risk or special cause of loss form that covers direct physical loss subject to policy terms, conditions, and exclusions.

Coverage must include:

- Debris Removal
- Ordinance or Law Coverages A, B, and C
 - Coverage A – Undamaged portion of building
 - Coverage B – Demolition Cost
 - Coverage C – Increase Cost of Construction
- Equipment Breakdown Coverage is required on all properties which have an elevator and/or central HVAC system. Coverage shall be provided for the total Building value.

Deductible/Self-Insured Retention: Not to exceed \$25,000

Note:

If the Partnership is insured under a policy covering other locations, NEF reserves the right to review limit of coverage and the schedule of locations and values covered to ensure adequate coverage is available for a loss at the project partnership. The building and personal property replacement cost values specific to the project partnership shall be listed on the evidence of property certificate.

SPECIAL HAZARDS: FLOOD, EARTHQUAKE, WINDSTORM, SUBSIDENCE

Flood: Flood insurance is mandatory for any building fully or partially located in FEMA designated flood zone A or V. Elevation certificates are required for buildings within 50 feet horizontally of flood zone A or V. If the elevation certificate indicates the building's finished floor elevation (FFE) is equal to or lower than 1ft above the base flood elevation (BFE), flood insurance is required. NEF reserves the right to require flood insurance for buildings located in other flood zones. Certain investors require buildings in coastal areas subject to hurricanes, named storms or high winds to carry flood insurance regardless of the flood zone. Flood insurance must cover the building and personal property subject to investment and loss of annual rental income.

Earthquake: All properties lying within UBC Seismic Zone 3 or 4 will require a Level 1 Seismic Risk Assessment. Earthquake insurance is mandatory for any building in UBC Seismic Zone 3 or 4 and must cover the building and personal property subject to investment and loss of annual rental income. Earthquake insurance may be waived on properties for which an approved Seismic Risk Assessment indicates a Scenario Expected Loss (SEL) of less than 20%.

Windstorm: In areas subject to hurricanes, named storms or high winds, an all risk or special form policy must include coverage for damage caused by high winds at 100% replacement cost of building and personal property subject to investment and loss of annual rental income.

Mine

Subsidence: Mine subsidence or sinkhole insurance is required on any building located above or near an active or abandoned underground mine or area prone to a subsidence event. Mine subsidence or sinkhole insurance must cover the building and personal property subject to investment and loss of annual rental income.

Deductibles: Special Hazard deductibles are to be declared to and approved by NEF.

General Liability:

Limits:	\$2,000,000	Policy Aggregate
	\$1,000,000	Products/Completed Operations
	\$1,000,000	Personal & Advertising Injury
	\$1,000,000	Each Occurrence
	\$ 50,000	Fire Damage – Premises

- Contractual liability included.
- Include endorsement for vacant/unoccupied premises for up to 60 days.
- Per location aggregate endorsement is required if multiple locations are covered under the policy.
- Assault and Battery and Habitability exclusions are prohibited.

Deductible/Self-Insured Retention: Not to exceed \$25,000

Excess/Umbrella Liability

Excess/Umbrella Liability is required if the project contains sixty (60) or more units.

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

Higher limits may be required if more than 300 units are covered under the policy. NEF will consider the use, location, configuration, and size of projects when evaluating excess limits.

PROPERTY MANAGERS

During the term of the property management agreement, the property manager is responsible for maintaining the coverages listed below:

Commercial General Liability

Limits:	\$2,000,000	Policy Aggregate
	\$1,000,000	Products/Completed Operations
	\$1,000,000	Personal & Advertising Injury
	\$1,000,000	Each Occurrence
	\$ 50,000	Fire Damage – Premises

- List Project Partnership and NEF as Additional Insureds.
- Contractual Liability included.
- Per Location Aggregate endorsement is required if multiple locations are covered under policy.

Deductible/Self-Insured Retention: Not to exceed \$25,000

Excess/Umbrella Liability

Umbrella/Excess Liability is required if the project contains sixty (60) or more units.

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

Higher limits may be required if more than 300 units are covered under the policy. NEF will consider the use, location, configuration, and size of projects when evaluating excess limits.

Workers' Compensation and Employer's Liability

Workers' Compensation: Statutory limits as per applicable state laws.

Employer's Liability:	\$500,000	Each Accident
	\$500,000	Disease – Policy Limit
	\$500,000	Disease – Each Employee

Property managers managing a Project Partnership located in the monopolistic state of North Dakota, Ohio, Washington, or Wyoming must provide proof of workers' compensation insurance from the state workers' compensation fund and at least \$500,000 in stop-gap coverage.

Automobile Liability:

Insure against bodily injury and property damage auto accidents that occur both on and around the project partnership premises. If the property management company does not own any vehicles, hired and non-owned insurance is acceptable.

Limit: \$1,000,000 Combined Single Limit

Fidelity Bond/Crime Insurance

Property manager shall maintain a fidelity bond or crime insurance policy in favor of the Owner in an amount equal to at least four months of the estimated annual gross rents. Limit shall apply per occurrence and cover the property manager and all employees hired by the property manager in connection with the property management agreement. The fidelity bond or crime insurance policy shall also cover all discovered losses. Self-managed properties are required to carry fidelity bond or crime insurance.

Professional Liability – Claims Made

\$1,000,000 Each Wrongful Act/\$1,000,000 Policy Aggregate

Policy deductible/self-insured retention and retroactive date must be evidenced on the certificate. Policy retroactive date must be before the date of the contract or the beginning of contract work.

Property Managers responsible for obtaining and maintaining insurance for the Project

The property manager shall obtain and maintain insurance for the project partnership in accordance with the insurance requirements described under the Project Partnership insurance section.

General Conditions Applying to All Coverages:

- All liability policies for bodily injury and property damage must be on an “occurrence” form with defense outside the limits of liability.
- All coverages must be with an insurance company carrying an A.M. Best Rating of A VIII or higher. Certain investors require a higher rating.
- Any changes to the required coverages and deductible/self-insured retention must be authorized in advance by National Equity Fund, Inc. and documented in writing.
- National Equity Fund, Inc. reserves the right to amend these insurance requirements and modify the application of these insurance requirements on a case-by-case basis when deemed necessary or advisable.
- Certain investors may have additional insurance requirements.
- Evidence of Property must be issued on Acord 28 showing the Partnership as the Named Insured and National Equity Fund, Inc. and NEF Assignment Corporation as Nominee, ISAOA, and beneficiaries as Loss Payees and Additional Insureds.
- Certificate of Insurance must be issued on Acord 25 for all liability coverages showing the Partnership as the Named Insured and National Equity Fund, Inc. and NEF Assignment Corporation as Nominee, ISAOA, and beneficiaries as Additional Insureds.
- All Certificates of Insurance and Evidence of Property must include the name of the producer and his/her email address and telephone and contain provisions recognizing that insurance will not be cancelled, non-renewed, or materially changed without thirty (30) days written notice to National Equity Fund, Inc. All evidence of insurance shall be addressed and forwarded to:

National Equity Fund, Inc.
c/o Marsh & McLennan Agency
Risk Transfer Team
20 N. Martingale Road, Suite 100
Schaumburg, Illinois 60173