

## LENDER INSURANCE REQUIREMENTS – MULTIFAMILY LOANS

- A. All policies must be issued by insurance companies approved by Lender and, if requested, have an A.M. Best's rating of A or better and be licensed to transact business in New Mexico. The address of the Property and the policy number must be clearly shown.
- B. Policy effective date and expiration date: term should be for twelve (12) months with a minimum of thirty (30) days remaining.
- C. Insured must be the Borrower.
- D. The certificate of insurance provided to Lender should be the most recent revision of ACORD forms 25, 27, 28 or 75 (or any subsequent equivalents) stating the coverages, amounts and provisions described herein. Lender's Loss Payable Form will be Form 438 BFU-NM or equivalent.
- E. The cancellation clause should read: "Should any of the above described policies be cancelled, terminated or modified before the expiration date thereof, the issuing company will mail thirty (30) days prior written notice to the mortgagee names herein."
- F. Insurance coverage should include:
  - 1. Property insurance on the "Causes of Loss – Special Form" in an amount equal to the full replacement value of the Property or the balance of the loan, whichever is greater. Lender to be named as mortgagee and loss payee. Borrower to furnish Lender with insurable values upon request.
  - 2. Commercial general liability: not less than \$1,000,000 per occurrence or \$2,000,000 in the aggregate. Lender to be named as additional insured.
  - 3. Flood insurance: any property within an area known as a "special flood hazard area" as defined in the Flood Disaster Protection Act of 1973 will require a standard flood insurance policy on the Property for the outstanding principal balance of the loan and any prior liens on the Property. Lender to be named as mortgagee and loss payee.
  - 4. Boiler explosion insurance: required if steam boilers are used in conjunction with the Project with minimum coverage of \$100,000 per accident, per location.

5. Builder's risk (construction loans only, regardless of lien position): greater of loan amount or the value of the construction contract with Lender named as mortgagee and loss payee.
  6. Major vehicle liability: not less than \$1,000,000 combined single limit.
  7. Worker's compensation and employer liability: per statutory requirements.
  8. Umbrella excess liability: at Lender's discretion a policy may be required.
  9. Loss of rental income: sufficient to cover all Debt service and operating expenses (permanent loans only.)
- G. Payment and performance bonds (construction loans only, regardless of lien position.) If the Lender loan is in subordinate lien position, Lender is to be named as dual obligee.
- H. For purposes of naming additional insured, mortgagee and loss payee, Lender is:

Ventana Fund  
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Albuquerque, NM 87125