

## **LANYARD INSURANCE REQUIREMENTS**

### **ALL IMPROVED PROPERTIES (EXCEPT SINGLE FAMILY RESIDENCES/CONDOS)**

It is understood and agreed that the insurance requirements contained herein are in addition to, and not in substitution for, any specific insurance requirements contained in any loan document, are a minimum guide and, although they must be adhered to throughout the duration of the loan, they in no way represent the Lender's opinion or advice as to the full scope of insurance coverage a prudent Borrower would arrange to adequately protect its interest.

If the Borrower fails to take out or to keep in force or provide the Lender with evidence of such minimum insurance as is required hereunder, then the Lender may, but shall not be obligated to, take out and keep in force such insurance for the benefit of the Lender, at the immediate sole cost and expense of the Borrower.

#### **A - GENERAL CONDITIONS:**

1. All insurance policies shall be in a form and with insurers reasonably acceptable to the Lender. Deductibles, where used, will be allowed only as they may be reasonably acceptable to the Lender.
2. The Borrower will:
  - a. prior to the funding of the loan,
  - b. as otherwise required in the loan documents,
  - c. as provided for in these insurance requirements, and
  - d. as requested by the Lender from time to time,provide the Lender with satisfactory evidence that the required insurance coverage is in place.
3. The Lender retains the right to update and change the requirements at any time during the term of the mortgage agreement.
4. The Borrower shall be a Named Insured on all policies.
5. All losses will be payable to the Lender as First Mortgagee and the policies will include an Insurance Bureau of Canada Standard Mortgage Clause.

If there is currently a first mortgage on the Property, then the policies will show losses payable to the Lender as Mortgagee as their interest may appear, until the insurer has received a release of interest from the prior lender at which time the policies will be endorsed to show losses payable to the Lender as First Mortgagee.

6. The policy shall contain a clause that the Insurer will neither terminate nor alter the policy to the prejudice of the Lender except by registered letter to the Lender giving notification of at least thirty (30) days. The Borrower will replace any terminated policy by providing similar coverage with no cessation in coverage and will provide the Lender with confirmation from the replacement insurer, at least twenty-one (21) days prior to any threatened cancellation, that such replacement coverage will be available to provide uninterrupted insurance coverage.
7. The Borrower shall provide the Lender evidence of renewal of all policies and certificates at least thirty (30) days prior to their respective expiry.
8. In the event the Borrower intends to change insurance carrier(s) and/or the terms of insurance coverage subsequent to the funding of the Loan, the Borrower agrees to first provide replacement certificates of insurance to the Lender confirming that the proposed coverage meets the provisions of these insurance Requirements.

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**B - PROPERTY INSURANCE:**

The Borrower will insure and keep insured the improvements and all insurable property forming part of the Property, in an amount not less than the Replacement Cost thereof:

1. On a Broad Form/All Risk basis, including:
  - a. Flood,
  - b. Earthquake,
  - c. Sewer Backup, and
  - d. Blanket Building By-laws.
2. Subject to a Stated Amount Co-Insurance Clause or No Co-insurance requirement.
3. Coverage is to be subject to a Replacement Cost Endorsement with no requirement to replace on the same or an adjacent site.

**C – EQUIPMENT BREAKDOWN INSURANCE (BOILER AND MACHINERY):**

The Borrower will also maintain Equipment Breakdown insurance with a Limit of Loss equal to that insured under Section B, to cover all building equipment and machinery (and production machinery, if applicable) for explosion, electrical loss or damage and mechanical breakdown and including Repair & Replacement and By-Laws.

**D - BUSINESS INTERRUPTION INSURANCE:**

The Borrower will maintain Business Interruption Insurance, on a Gross Rents or Profits form for one hundred percent of the annual rents as detailed in the rent roll for a minimum period of eighteen (18) months or such greater period as the lender may require.

This insurance is to apply to both the Property and Boiler coverages.

**E - LIABILITY INSURANCE:**

The Borrower will maintain Public Liability Insurance in an amount of not less than \$5,000,000 per occurrence, on either a Comprehensive General Liability or Commercial General Liability form. The policy will name the Lender as an Additional Insured (but only in respect to liability arising out of the operations of the Borrower).