

## **LANYARD INSURANCE REQUIREMENTS**

### **CONDOMINIUMS**

It is understood and agreed that the insurance requirements contained herein are a minimum guide and, although they must be adhered to throughout the duration of the Mortgage, 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 provide the Lender with satisfactory evidence that the required insurance coverage is in place.
3. The Lender retains the right to update and change these Insurance 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 providing similar coverage with no cessation in 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, if applicable.
2. Coverage is to be subject to a Replacement Cost Endorsement.
3. Unit Additional Protection.
4. Common Elements Loss Assessment (deductible coverage equivalent to the Condominium Corporation policy).

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

The Borrower will also maintain Equipment Breakdown insurance, if applicable, 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:**

To the extent the Property is rented or intended to be rented, the Borrower will maintain Business Interruption Insurance, on a Gross Rents or Profits form, for one hundred percent of the annual gross income for a minimum period of twelve 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 if Property is of commercial use, and \$1,000,000 if Property is for residential use, as applicable 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).

#### **F – CONDOMINIUM INSURANCE:**

The Borrower will obtain a Certificate of Insurance from the Condominium Corporation evidencing building replacement cost coverage and minimum \$5,000,000 liability coverage in the name of the Strata or Condominium Corporation.