

Thank you for applying for a loan from BlueKey Capital Lendings, LLC! As part of our underwriting process, we will require proof that necessary insurance policies have been obtained. This document provides an overview of our basic requirements and may be provided to your insurance agent to help you select the correct coverage.

Hazard Insurance

All improvements must be covered by a hazard insurance policy.

- The policy must cover all standard perils.
- The policy must provide coverage greater than or equal to the loan amount. Replacement cost coverage is preferred.
- The deductible may not exceed the lesser of 5% of the policy amount or the applicable state limit.
- For renovation and construction loans:
 - The policy must specifically allow coverage of vacant properties that are under construction/renovation (for the term of the policy)
 - The policy should provide coverage for vandalism and theft of materials located at, or attached to, the property, if such coverage is available.

Liability Insurance

General liability insurance must be obtained.

- The policy must provide coverage of at least \$1,000,000 per occurrence. Reduced coverage of \$500,000 per occurrence will be acceptable ONLY if greater coverage is not available in the subject property state OR if the project does not include a renovation or construction component.

Flood Insurance

If any portions of the property's improvements are in a Special Flood Hazard Area, flood insurance is required.

- The policy must cover the lesser of the loan amount or the maximum NFIP coverage amount.
- The deductible may not exceed the lesser of \$5,000 or the applicable NFIP limit.

All Policies

All policies must meet the following additional requirements:

- Monthly payments plans are generally not permitted - policies must be paid in full at closing.
- The insured party must be the borrower responsible for the loan.
- Policies must be provided by carriers with an A.M. Best Financial Strength Rating of "B" or better or a Demotech Financial Stability Rating of "A" or better.
- Policies must include the following mortgagee clause:

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