

Applicant(s), without limiting the terms and conditions as set forth in the DEED OF TRUST, acknowledge the responsibility to maintain, at the expense of the Borrower, fire insurance and other types of insurance as may be required MUFG UNION BANK, N.A. ("Lender", "Bank") upon the real property described in said Deed of Trust. Hazard insurance policy shall be in form and content satisfactory to Lender.

1. The Borrower agrees to deliver to you fire insurance policies on buildings situated on the property described herein, with loss payable in Lender's favor. The policy amount must be equal to the principal balance of the loan together with any senior loans OR 100% of replacement cost (insurable value) of improvements on the subject property (**Full Replacement Cost or Stipulated Value/Agreement Amount Endorsement- minimum of Insurable Value**). The amount of flood insurance required is the maximum available under the National Flood Insurance Emergency Program, replacement cost or the loan amount, whichever is less.
2. The insurer licensed to do business in California and must have a rating of B, Class V or better in the current Best's Key Rating Guide. For non-admitted carriers, a rating of A, Class V or better is required. Policies received from companies rated below the specified requirements will be accepted only if they are accompanied by a 100% reinsurance endorsement from a company rated as indicated above. Said reinsurance endorsement must provide for a 90-day written notice before cancellation or termination.
3. Insurance policies must be written for a minimum term of one year, with proof of prepaid premium. Existing policies must have at least 6 months remaining on their term prior to policy expiration date at the time of loan recording.
4. Insurance policies must contain Lender's Loss Payable Endorsement # 438BFU (or CP1218, or an equivalent clause or endorsement) in Lender's favor. The endorsement must read as follows:

MUFG UNION BANK, N.A.
and/or its successors and assigns
P.O. Box 1108
Everett, WA 98206-1108
5. Maximum deductibles are applicable based on approved loan amount.
6. For commercial and five or more residential unit properties, a minimum of twelve months loss of rents coverage must be included in the policy.
7. General liability in the amount of \$1,000,000 is required on all commercial and five or more residential unit property loans with an original principal balance of \$500,000 or more. Liability insurance policies must name **MUFG Union Bank, N.A., its successors and/or assigns** as Additional Insured.
8. When chattel is included in the security of a loan, insurance coverage is required to the extent of the value of the fixtures and furnishings contained on the property, as determined by the appraisal.
9. Condominiums/Planned Unit Development (PUD) - A certificate must include the name of the borrower, amount of coverage, loss payable clause and identification of improvement. In addition, a copy of comprehensive general liability (CGL) insurance must be provided covering all common areas, common elements, commercial spaces, and public ways in the PUD or condominium. Fidelity insurance is required for all Class I, II, and III condominium projects that consist of more than 20 units. If flood coverage is required, a separate policy covering the unit is required.
10. Acceptable proof of insurance, refer to Section #13, must be in Lender's possession before loan proceeds are disbursed (which may be prior to recording).
11. The name(s) of the insured(s) must appear on the policy exactly as shown on the Deed of Trust. The property address must correspond with Bank's Records. The Lender's loan number must appear on the policy and any subsequent endorsements.

12. Continuous Form policies are acceptable. All policies must provide that Lender will receive a minimum of 10 days written notice of cancellation, for any cause.
13. Binders are acceptable as temporary proof of insurance, up to maximum of 90 days. Evidences of insurance are also acceptable as temporary proof of property or building contents hazard insurance. The Bank reserves the right to place temporary insurance to protect its interest if a copy of the original policy is not received within 120 days (four months) of the policy inception date. **Certificates of insurance are only acceptable as proof of liability insurance.**

Exception: Lender requires acceptable Declaration Page for proof of flood insurance coverage – temporary proof of coverage is NOT acceptable.
14. Verification of renewal insurance policies must be in the Lender's office at least thirty days prior to the expiration date of the existing policy. In the event Lender receives notice of cancellation, non-renewal, or any other lapse in coverage of any required policy, and Borrowers have not provided Lender with evidence of a replacement policy, Lender may obtain insurance (interim coverage) at Borrower's expense, protecting Lender's interest only, such interest being limited to the unpaid principal balance of the loan. Lender will have no responsibility for maintaining that insurance protection normally provided by a property owner such as personal property coverage, earthquake protection, liability, theft, or other special risk not required by the Bank.
15. Interim coverage is temporary insurance for 60 days. Borrower may still furnish Lender with a policy during this sixty day period. However, if at the end of sixty days Lender does not receive adequate proof of insurance, a permanent annual policy will be issued using the expiration date of the prior policy as the inception date of the forced insurance. Borrower will be billed for the forced insurance coverage.