

ACKNOWLEDGMENT OF INSURANCE REQUIREMENTS

Date: December 15, 2016
Loan No.: 100018625
Escrow No.: FN-12710-NY
Order No.: FN-12710-NY
Property Type: Apartment
Property Address:
336 East 56th Street
New York, NY 10022

Please Read Carefully

Please forward required items to:

JPMorgan Chase Bank, N.A.
P.O. Box 9110
Coppell, Texas 75019-9110
Fax: (866) 271-7330

The undersigned ("Owner") acknowledges and agrees that JPMorgan Chase Bank, N.A. ("Lender") has established the following initial minimum insurance requirements for the loan identified above (the "Loan"), which is to be secured by the property identified above (the "Property"). It is important that Owner's insurance be carefully selected by Owner to protect Owner's investment and avoid loss. The minimum insurance requirements set forth in this Acknowledgment are not necessarily adequate for those purposes and are designed only for the protection of Lender's interests.

1. **Evidence of Coverage.** At least five days prior to the scheduled Loan funding, Lender must receive and approve evidence of all required insurance on an ACORD form 28 for property insurance and ACORD form 25 for liability insurance (or similar forms acceptable to Lender in its sole discretion) together with proof of payment of premiums. The evidence of coverage must show an inception date prior to or corresponding with the date of the Loan funding. Within 30 days after Loan funding, Owner must provide Lender with a copy of all insurance policies (including flood and windstorm policies, if applicable) and all required endorsements. Policies must show an inception date prior to or corresponding with the date of the Loan funding. All documents must reflect the Lender-assigned loan number for the Loan as shown above. If flood insurance is required, special requirements apply, as described in paragraph 2(e) of this Acknowledgment. ACORD or other certificates are not acceptable evidence of flood insurance.

2. **Required Coverages and Policy Amounts.** Owner must maintain, or cause to be maintained, the following insurance coverages at all times while any portion of the Loan remains outstanding:

a. **Property Insurance.** The property insurance policy must insure against loss or damage to the improvements on the Property by fire and other perils substantially equivalent to those insured under the Causes of Loss – Special Form published by ISO, and against such other perils, including windstorm, as may be specified by Lender. Terrorism and/or earthquake/earth movement insurance coverage may be required on a case-by-case basis. The property insurance policy must be in an amount not less than 100% of the replacement cost of the improvements on the Property (without deduction for depreciation) as determined by Lender for purposes of protection of Lender's interests (the

"Minimum Property Coverage Amount") and must identify Owner and the Property address as they appear in the loan documents governing the Loan (the "Loan Documents"). The replacement cost coverage may be provided either in the terms of the policy or by endorsement. If Lender, in its sole discretion, permits coverage of less than the Minimum Property Coverage Amount, then such policy must contain an agreed amount endorsement. If the policy is a blanket policy covering the Property and one or more other properties, the policy must specify the dollar amount of the total blanket limit of the policy that is allocated to each property, and the amount so allocated to the Property must not be less than the Minimum Property Coverage Amount.

b. **Loss of Rents/Business Income Interruption.** Owner must maintain loss of rents or business income interruption insurance against loss of income (including but not limited to rent, cost reimbursements and all other amounts payable by tenants under leases or otherwise derived by Owner from the operation of the Property) arising out of damage to or destruction of the improvements on the Property by fire and each other peril insured against under each insurance policy insuring against any type of casualty to the Property or any part thereof that is required pursuant to this Acknowledgment. Such insurance must cover the actual loss sustained for up to 12 months with a minimum coverage amount of 12 months' potential gross income generated by the Property from all sources, as determined by Lender and without deduction for actual or projected vacancy.

c. **Boiler and Machinery.** If a steam boiler is located at the Property, Owner must carry boiler and machinery coverage in at least the Minimum Property Coverage Amount. If a separate boiler and machinery policy is issued, that policy must include loss of rents or business interruption coverage as described in paragraph 2(b) of this Acknowledgment.

d. **Liability.** Owner must maintain commercial general liability insurance (including coverage for elevators and escalators, if any, on the Property) on an occurrence form substantially equivalent to ISO form CG 0001 with coverage of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate. All policies must be primary and noncontributory with any other insurance Owner may carry.

e. **Flood.** If any building or mobile home on the Property which secures the Loan is at any time located in a federally-designated special flood hazard area in which flood insurance has been made available pursuant to the Flood Disaster Protection Act of 1973 (the "Flood Act") or other applicable or successor legislation or other area identified by Lender as having a high or moderate risk of flooding (a "Special Flood Hazard Area"), then Owner must provide Lender with a separate flood insurance policy for each such building or mobile home located in a Special Flood Hazard Area and any contents thereof that also secure the Loan (each a "Building"). The amount of flood insurance coverage for each Building must be in an amount at least equal to the Minimum Flood Coverage Amount for the Building. As used in this Acknowledgment, "Minimum Flood Coverage Amount" means the lesser of the following for each Building (not including land), as determined by Lender: (i) the insurable value of the Building ("Insurable Value"); or (ii) the outstanding principal balance of the Loan allocated to the Building. For each flood insurance policy, the deductible may not exceed \$10,000.00 for a multifamily Building or \$50,000.00 for a commercial Building; provided, however, for private insurance policies described below, the deductible may not exceed the greater of (A) \$10,000.00 for a multifamily Building and \$50,000.00 for a commercial Building, or (B) 10% of the amount of flood insurance coverage under the private insurance policy. If the amount of coverage under the flood insurance policy for any Building is less than the Insurable Value, Lender may require a Difference in Conditions policy satisfactory to Lender to cover a loss that would not be covered under such flood insurance policy. If flood insurance is required, please see Lender's Flood Insurance Requirements letter, the Notice of Special Flood Hazards and Availability of Federal Disaster Relief Assistance, and the Flood Insurance Coverage Detail for further detail about

Lender's flood insurance requirements. Subject to the requirements related to private insurance policies explained below, Lender will accept as evidence of the required flood insurance any of the following: (1) a copy of the insurance policy; (2) a declarations page from the insurance policy; or (3) an application plus proof that the premium has been paid in full. For Lender to accept the evidence described in item (3), Owner must provide Lender with a copy of the insurance policy or the declarations page within 30 days of closing. If Owner provides flood insurance by a private insurance policy (i.e., a policy that is not a standard policy issued on behalf of the National Flood Insurance Program ("NFIP")) for coverage amounts of \$500,000.00 or less for commercial or multifamily properties, in order to make the required comparison to the NFIP standard policy, Lender will require a copy of the private insurance policy prior to closing. If the private insurance policy fails to meet the criteria set forth in Lender's Flood Insurance Requirements letter or cannot be obtained in time to be reviewed prior to closing of the Loan, Owner will be required to purchase an NFIP policy in the amount required by the Flood Act as a condition to closing of the Loan. **Lender does not accept ACORD or other certificates as acceptable proof of flood insurance.**

f. **Workers Compensation Insurance.** If Owner has employees working at the Property, Owner must carry workers compensation insurance in compliance with the laws of the state in which the Property is located.

3. **Policy and Premium Term.** If a new policy is being issued, the minimum policy term must be one year from Loan funding, with evidence that the premium has been paid in full for the term of the policy. If a new policy is not being issued due to there being an existing policy in force, the remaining term of the existing policy must be at least two months from Loan funding, with evidence that the premium has been paid for the remaining term of the policy. Installment payments or financing of premiums are not acceptable.

4. **Maximum Deductibles.** The maximum deductible on the property insurance policy must not exceed the greater of \$10,000.00 or one percent of the applicable amount of coverage. Owner may carry a lesser deductible if Owner so chooses. Notwithstanding the foregoing, if the windstorm peril is excluded from the property insurance policy because the Property is located in a high-risk wind area, and windstorm coverage is provided through a separate policy, windstorm coverage only may have a deductible of up to five percent of the loss (and, if applicable, subject to a policy provision that the minimum deductible for windstorm coverage, regardless of the amount of the loss, will be a specified amount not to exceed \$250,000.00). Acceptable deductibles for flood policies are described in paragraph 2(e) above.

5. **Acceptable Insurance Companies.** The insurer (the "Insurer") providing the insurance required in this Acknowledgment and the other Loan Documents must be authorized to do business in the state where the Property is located. Lender shall have the right to approve or, for reasonable cause, disapprove the proposed Insurer selected by Owner. The Insurer must have a current Best's rating of "B+" and a financial size category of "VI" or better from A.M. Best Company. A California FAIR (Fair Access to Insurance Requirements) Plan Association policy, or equivalent policy issued by a similar state-run insurer in another state, is acceptable only when minimum form coverage cannot be obtained from an insurance company with such rating.

6. **Mortgage and Loss Payee Endorsement.** Each property policy must name "JPMorgan Chase Bank, National Association and its successors and assigns" as mortgagee and loss payee pursuant to a mortgage clause or endorsement (the mortgage clause included in Insurance Service Office ("ISO") Property Form No. CP 00 10 or its equivalent, which must be satisfactory to Lender and must provide

that Lender will not have its interest voided by the act or omission of Owner and that Lender may file a claim directly with the Insurer), which clause or endorsement must be contained in or attached to the policy and must show the following address for Lender:

JPMorgan Chase Bank, N.A.
and its successors and assigns
P.O. Box 9110
Coppell, Texas 75019-9110

7. **Renewal Policy.** Owner must renew or replace all required insurance policies so as to maintain continuous coverage in compliance with the Loan Documents. Owner must provide Lender with a complete copy of each renewal or replacement policy (including endorsements) within 30 days after its effective date. Lender may order insurance meeting its requirements (at Owner's expense) if any such policy is not received by such date.

8. **Notice of Cancellation.** All policies must guarantee that Lender will receive 30 days' advance notice prior to cancellation and ten days' notice for nonpayment of premiums. If a notice of cancellation is received on an existing policy and not immediately reinstated or replaced with an acceptable policy, Lender may order replacement coverage at Owner's expense.

9. **Failure of Owner to Maintain Insurance.**

a. **Lender Placed Insurance.** If Owner fails to maintain insurance in accordance with this Acknowledgment and the other Loan Documents, Lender may, but need not, obtain insurance to protect Lender's interests. This insurance is called "lender placed insurance." For instance, without limitation, Lender may obtain lender placed insurance if: (i) Owner fails to deliver any insurance policy to Lender within the time required by this Acknowledgment; (ii) the amount of insurance is reduced below Lender's requirements; (iii) the deductible is increased above Lender's requirements; or (iv) the Insurer does not meet Lender's insurance company rating requirements. Owner is encouraged to contact Owner's insurance agent to advise Owner about Lender's insurance requirements and to ensure that Owner maintains acceptable coverage throughout the life of the Loan.

b. **Limited Coverage.** Lender placed insurance may cover only the improvements and will be only in the amount required by Lender. In addition to other differences, the amount of coverage on the lender placed insurance may be less than Owner's policy and may not cover Owner's equity in the Property, the deductibles may be higher and there may not be personal property/contents, personal liability, medical or special risks coverage. In the case of flood insurance, the amount of coverage may be more than that required by applicable law.

c. **Cost.** Lender placed insurance is typically more expensive than insurance Owner may obtain through Owner's own agent. Owner may also be assessed a nonrefundable policy issuance fee by Lender as well as any costs incurred by Lender relating to the failure to maintain insurance in accordance with Lender's requirements.

d. **Cancellation.** If Lender obtains lender placed insurance, this insurance may be canceled when Owner provides Lender with satisfactory evidence of insurance coverage that is acceptable to Lender. While the lender placed insurance policy may be canceled and Owner may be entitled to a refund of a portion of the premiums paid, Owner may be charged for any time period for which the lender placed insurance was in effect, any cancellation fee assessed by the lender placed insurer, and any costs Lender incurs as a result of the failure to maintain adequate insurance.

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10. **Additional Insurance Obtained by Owner.** If Owner obtains insurance coverage not required under this Acknowledgment or the other Loan Documents that insures any interest in the Property or other collateral securing the Loan, Owner shall ensure that Lender is named as mortgagee and loss payee on such policies by a mortgage endorsement as described above and Lender shall have the right to direct the application of the proceeds of such insurance as provided in the Loan Documents for the proceeds of insurance required by the Loan Documents.

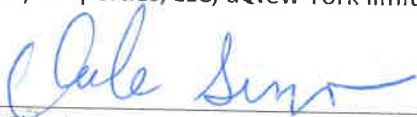
11. **Conflicts Among Documents; Changes in Requirements; Approvals.** This Acknowledgment sets out Lender's current requirements for insurance coverage, which may change as provided in the Loan Documents. The requirements set out in this Acknowledgment shall not limit the requirements contained in other Loan Documents. Except as otherwise expressly stated therein, the provisions of this Acknowledgment that make certain documents or matters subject to Lender's approval, satisfaction, determination, discretion or similar review shall mean that they must be satisfactory to Lender in its sole discretion.

12. **No Permanent Waiver of Requirements.** Owner understands and agrees that Lender may agree to close the Loan without requiring Owner to comply strictly with all the requirements set out in this Acknowledgment. Owner acknowledges and agrees that, if Lender so closes the Loan, this is not a permanent waiver of any of the requirements that Lender did not require to be satisfied as of the closing date (the "Specified Requirements"). Lender may at any time in its sole discretion terminate its waiver of the Specified Requirements upon not less than 30 days' written notice to Owner.

13. **California Notice.** If the Property is located in California, please be aware that California Civil Code Section 2955.5(a) provides that: "No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property."

ACKNOWLEDGED (OWNER):

Charles Henry Properties, LLC, a New York limited liability company



By: Claude Simon, Operating Manager