

(c) Upon cancellation of the Builders Risk Insurance or any portion thereof, Permanent Insurance shall be effected as hereinafter stipulated.

5. PERMANENT INSURANCE

(a) Fire and Extended Coverage Insurance shall be provided for the subject property and may be either blanket coverage or by specific allocations to individual structures. Such insurance shall be evidenced by standard Fire and Extended Coverage Insurance policy or policies, in amounts not less than necessary to comply with the applicable Coinsurance Clause percentage, but in no event shall the amounts of coverage be less than 80% of the Insurable Values or not less than the unpaid balance of the insured mortgage, whichever is the lesser.

(b) The Permanent Insurance policy or policies show the Mortgagor as the Insured and shall carry the standard form of Non-Contribution Mortgage or Mortgagee Clause, showing loss, if any, payable to the Mortgagee (name and address) and the Assistant Secretary for Housing-Federal Housing Commissioner, DHUD, Washington, D.C., his successors or assigns, as interest may appear. The original of such policy or policies shall be retained in the possession or control of the Mortgagee shall be maintained in full force and effect.

(c) BOILER EXPLOSION INSURANCE. If the boiler or boilers located in the subject property are other than steam boilers, specific Boiler Explosion Insurance generally is not required. If there is a steam boiler or boilers in operation in connection with the subject property, specific Boiler Explosion Insurance is required. In determining the adequacy of the amount or amounts of this coverage there must be careful review and consideration of all the facts and exposures for the purpose of estimating the maximum possible amount of a single loss by steam boiler explosion. The minimum limit of Boiler Explosion Insurance, when required, is per accident, per location. After due examination of all the related information in any given case, it may be determined this required minimum limit of \$100,000 is inadequate. In that event a greater amount of coverage should be provided. Determination of such amount is the responsibility of the Mortgagee.

(d) Boiler Explosion Insurance, as herein required, shall be evidenced by standard form of Boiler and Machinery policy or policies showing the Mortgagor as the Insured and shall have attached standard Mortgagee Interest Endorsement, showing loss, if any, or property of the Insured, to be adjusted with and payable to the Insured and the Mortgagee (name and address) and the Assistant Secretary for Housing-Federal Housing Commissioner, DHUD, Washington, D.C., his successors or assigns, as their interests may appear. The original of such policy or policies shall be retained in the possession or control of the Mortgagee and shall be maintained in full force and effect.

6. FLOOD INSURANCE. *(Required whenever the property is located in an area of special flood hazards in which flood insurance is available under the National Flood Insurance Act.)*

REQUIRED NOT REQUIRED

Flood insurance shall be provided for the subject property during the term of the mortgage loan. The insurance shall be in an amount at least equal to the outstanding principal balance of the loan, or the maximum amount at insurance available with respect to the project under the National Flood Insurance Act, whichever is lesser. The policy shall show the mortgagor as insured and shall show loss, if any, payable to the mortgagee (*name and address*) and the Assistant Secretary for Housing-Federal Housing Commissioner, Washington, D.C., his successors or assigns, as their interests may appear. The original of such policy or policies shall be retained in the possession or control of the mortgagee and shall be maintained in full force and effect.

7. INSURANCE CARRIERS.

The acceptability of insurance carriers, types of coverage and the forms, conditions, amounts and scope of insurance policies are responsibilities of the Mortgagee. The Assistant Secretary for Housing-Federal Housing Commissioner does not require that any duplicate policies, certificates or memoranda of insurance or other evidence of the foregoing insurance overages be submitted to him or to any of his field offices or authorized agents.

8. LOSS SETTLEMENT DRAFTS AND CHECKS.

(a) Loss settlement drafts and checks in settlement of losses sustained under any of the aforementioned types of insurance overages shall always include the Mortgagee and the Assistant Secretary for Housing-Federal Housing Commissioner as payees.

(b) Loss settlement drafts and checks should be forwarded to the Assistant Secretary for Housing-Federal Housing Commissioner DHUD, Field Office Director having jurisdiction over the area in which the property sustaining the loss is situated, and he is responsible for the endorsement and release of such instruments on behalf of the Assistant Secretary for Housing-Federal Housing Commissioner

ASSISTANT SECRETARY FOR HOUSING-FEDERAL
HOUSING COMMISSIONER

By _____
(Authorized Agent)