

SOFT COSTS COVERAGE EXTENSION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is agreed that:

1. The **EXTENSION OF COVERAGES** Section of the the Contract Works– Builders Risk Form is amended to add the following:

The following Extension of Coverage shall not increase the limit(s) of insurance applying under this Form which is part of and not in addition to the Project Limit.

SOFT COSTS

In the event of direct physical loss or direct physical damage during the policy period to the insured property by an insured peril, we will pay for such soft costs specified below arising out of the resulting delay in the completion of the **insured project**.

This Extension of Coverage applies only to soft costs actually sustained by the **project owner** during the **indemnity period**. These soft costs are limited to the following:

- 1.1. **Financial costs;**
 - 1.2. **Additional interest expenses;**
 - 1.3. **Leasing and marketing expenses;**
 - 1.4. **Legal accounting expenses;**
 - 1.5. **Miscellaneous carrying costs.**
2. For the purposes of this Endorsement only, the following definitions are added to the **DEFINITIONS** Section of the Contract Works – Builders Risk Form:
 - 2.1. **ADDITIONAL INTEREST EXPENSES** means the additional interest that may be charged by lenders for the extension or removal of interim financing necessary for the completion of the **insured project**, including interest necessarily incurred on loans to finance reconstruction or repair.
 - 2.2. **CONSTRUCTION LOAN FEES** means the additional costs incurred to rearrange loans necessary for completion of construction.
 - 2.3. **FINANCIAL COSTS** means commitment fees, standby fees, letters of credit, land rent and **construction loan fees**.
 - 2.4. **INDEMNITY PERIOD** means the period beginning with the occurrence of a delay in the **insured project** and ending no later than twelve (12) months thereafter. The length of time of such delay shall not be limited by the expiry of this policy.
 - 2.5. **LEASING AND MARKETING EXPENSES** means the reasonable and necessary cost incurred for the re-leasing and remarketing of the **insured project** due to loss of tenants due to the delay in the business start-up beyond the scheduled date of completion.
 - 2.6. **LEGAL AND ACCOUNTING EXPENSES** means the reasonable and necessary costs incurred to arrange refinancing, accounting work necessary to restructure financing and legal work necessary in preparing new documents.
 - 2.7. **MISCELLANEOUS CARRYING COSTS** means property taxes, building permits, and insurance premiums.
 - 2.8. **PROJECT OWNER** means the persons or entities who are both the owner of the **insured project** and are listed as Named Insured on the Declarations Page(s) of which this Endorsement forms a part.

All other terms, conditions and limitations of this Policy shall remain unchanged.