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# Multifamily Selling and Servicing Guide

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## **501.02F** Equipment Breakdown or Boiler and Machinery Insurance

### Requirements

You must ensure:

- a Property with any high-pressure, centralized HVACS boiler, water heater, or other vessel in operation and regulated by the Property's state or municipality has full equipment breakdown or boiler and machinery insurance;
- the coverage equals at least 100% of the Insurable Value of each building housing the equipment; and
- if equipment breakdown or boiler and machinery insurance is provided by a carrier other than the carrier providing the property damage policy, both policies include a Joint Loss Agreement.



# Glossary

## I

**Insurable Value** For any Property, the estimate of the maximum dollar amount needed to replace, repair, or reproduce the Property, but excluding any land value.

### **Synonyms**

- Insurable Values

## J

**Joint Loss Agreement** Provision used when more than 1 insurer gives the same property coverage to temporarily allocate losses to ensure prompt payment to the policyholder. For covered losses, insurers pay the policyholder:

- any undisputed amounts; and
- all remaining sums in equal shares and insurers arbitrate among themselves to determine final responsibility for those sums.

## P

**Property** Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

### **Synonyms**

- Properties
- Property's