



Massachusetts Cannabis Control Commission

Marijuana Retailer

General Information:

License Number: MR281301
Original Issued Date: 07/28/2021
Issued Date: 07/14/2022
Expiration Date: 07/28/2023

ABOUT THE MARIJUANA ESTABLISHMENT

Business Legal Name: JimBuddys Rec Shop, Inc.

Phone Number: 413-331-2954
Email Address: jim@jimbuddys.com

Business Address 1: 1269 Memorial Drive
Business City: Chicopee
Business State: MA
Business Zip Code: 01020

Business Address 2:
Mailing Address 1: 1269 Memorial Drive
Mailing City: Chicopee
Mailing State: MA
Mailing Zip Code: 01020

CERTIFIED DISADVANTAGED BUSINESS ENTERPRISES (DBES)

Certified Disadvantaged Business Enterprises (DBEs): Not a DBE

PRIORITY APPLICANT

Priority Applicant: no
Priority Applicant Type: Not a Priority Applicant
Economic Empowerment Applicant Certification Number:
RMD Priority Certification Number:

RMD INFORMATION

Name of RMD:
Department of Public Health RMD Registration Number:
Operational and Registration Status:
To your knowledge, is the existing RMD certificate of registration in good standing?:
If no, describe the circumstances below:

PERSONS WITH DIRECT OR INDIRECT AUTHORITY

Person with Direct or Indirect Authority 1

Percentage Of Ownership: 50
Percentage Of Control: 50
Role: Owner / Partner
Other Role:

First Name: James **Last Name:** Robinson **Suffix:**
Gender: Male **User Defined Gender:**
What is this person's race or ethnicity?: White (German, Irish, English, Italian, Polish, French)
Specify Race or Ethnicity:

Person with Direct or Indirect Authority 2

Percentage Of Ownership: 50 **Percentage Of Control:** 50
Role: Owner / Partner **Other Role:**
First Name: Lisa **Last Name:** Robinson **Suffix:**
Gender: Female **User Defined Gender:**
What is this person's race or ethnicity?: White (German, Irish, English, Italian, Polish, French)
Specify Race or Ethnicity:

ENTITIES WITH DIRECT OR INDIRECT AUTHORITY

No records found

CLOSE ASSOCIATES AND MEMBERS

No records found

CAPITAL RESOURCES - INDIVIDUALS

Individual Contributing Capital 1

First Name: James **Last Name:** **Suffix:**
Robinson
Types of Capital: Monetary/Equity, **Other Type of** **Total Value of the Capital Provided:** **Percentage of Initial Capital:**
Buildings **Capital:** \$103147.01 56
Capital Attestation: Yes

Individual Contributing Capital 2

First Name: Lisa **Last Name:** Robinson **Suffix:**
Types of Capital: Monetary/ **Other Type of** **Total Value of the Capital Provided:** **Percentage of Initial Capital:**
Equity **Capital:** \$82063.26 44
Capital Attestation: Yes

CAPITAL RESOURCES - ENTITIES

No records found

BUSINESS INTERESTS IN OTHER STATES OR COUNTRIES

No records found

DISCLOSURE OF INDIVIDUAL INTERESTS

No records found

MARIJUANA ESTABLISHMENT PROPERTY DETAILS

Establishment Address 1: 1269 Memorial Drive
Establishment Address 2:
Establishment City: Chicopee **Establishment Zip Code:** 01020
Approximate square footage of the establishment: 1200 **How many abutters does this property have?:** 11
Have all property abutters been notified of the intent to open a Marijuana Establishment at this address?: Yes

HOST COMMUNITY INFORMATION

Date generated: 09/01/2022

Host Community Documentation:

Document Category	Document Name	Type	ID	Upload Date
Certification of Host Community Agreement	Host Community Agreement Certification Form.pdf	pdf	5c804f838d16491b5c0f98ac	03/06/2019
Community Outreach Meeting Documentation	Community Outreach Meeting Attestation Form.pdf	pdf	5c804fdad7a931124ee049d2	03/06/2019
Community Outreach Meeting Documentation	Attachment A - newspaper tear sheet.pdf	pdf	5c804fe8b411c1126cf04432	03/06/2019
Community Outreach Meeting Documentation	Attachment B - municipal notice.pdf	pdf	5c804ff35fd63c1b24eb69f3	03/06/2019
Community Outreach Meeting Documentation	Attachment C - meeting notice.pdf	pdf	5c8050093779161b2a874a94	03/06/2019
Plan to Remain Compliant with Local Zoning	Host Community Information.pdf	pdf	5ddd8af966a32657cfbdd059	11/26/2019

Total amount of financial benefits accruing to the municipality as a result of the host community agreement. If the total amount is zero, please enter zero and provide documentation explaining this number.: \$25000

PLAN FOR POSITIVE IMPACT

Plan to Positively Impact Areas of Disproportionate Impact:

Document Category	Document Name	Type	ID	Upload Date
Plan for Positive Impact	Plan to Positively Impact v3.pdf	pdf	5df3d3e8fab70557127edf5b	12/13/2019

ADDITIONAL INFORMATION NOTIFICATION

Notification: I understand

INDIVIDUAL BACKGROUND INFORMATION

Individual Background Information 1

Role: Other Role:
 First Name: James Last Name: Robinson Suffix:
 RMD Association: Not associated with an RMD
 Background Question: yes

Individual Background Information 2

Role: Other Role:
 First Name: Lisa Last Name: Robinson Suffix:
 RMD Association: Not associated with an RMD
 Background Question: yes

ENTITY BACKGROUND CHECK INFORMATION

No records found

MASSACHUSETTS BUSINESS REGISTRATION

Required Business Documentation:

Document Category	Document Name	Type	ID	Upload Date
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Articles of Organization	JimBuddy's Rec Shop, Inc.- Filed Articles.pdf	pdf	5b9fed36d389b22d7bd65744	09/17/2018
Bylaws	By-Laws.pdf	pdf	5cb8bf56e2695d45078d6a91	04/18/2019
Secretary of Commonwealth - Certificate of Good Standing	Cert of Good Standing.pdf	pdf	5ddd96378bdcfd57ae527d1e	11/26/2019

Certificates of Good Standing:

Document Category	Document Name	Type	ID	Upload Date
Department of Revenue - Certificate of Good standing	Certificate of Good Standing DOR.pdf	pdf	6290e817eb816b00086a3c9c	05/27/2022
Department of Unemployment Assistance - Certificate of Good standing	DUA.pdf	pdf	6290f04c3bea2b0008caca06	05/27/2022
Secretary of Commonwealth - Certificate of Good Standing	Certificate of Good Standing - Commonwealth.pdf	pdf	629919d6eb816b00086ffc8b	06/02/2022

Massachusetts Business Identification Number: 001331693

Doing-Business-As Name: JimBuddys Rec Shop

DBA Registration City: Chicopee

BUSINESS PLAN

Business Plan Documentation:

Document Category	Document Name	Type	ID	Upload Date
Business Plan	Business Plan part 1.pdf	pdf	5cb8db7451be434c62d2a23d	04/18/2019
Business Plan	Business Plan part 2.pdf	pdf	5cb8db829b1a9b44dfe4d496	04/18/2019
Plan for Liability Insurance	Insurance Rec Shop Endt correcting Named Insured 5.9.22.pdf	pdf	6290f4233bea2b0008cad40f	05/27/2022
Plan for Liability Insurance	Insurance Policy Property Rec Shop 5.9.22.pdf	pdf	6290f44b3bea2b0008cad45a	05/27/2022
Plan for Liability Insurance	GL Insurance.pdf	pdf	6290f454eb816b00086a5ac9	05/27/2022
Plan for Liability Insurance	Deductible.pdf	pdf	6290f45ceb816b00086a5ae0	05/27/2022
Plan for Liability Insurance	Proof of Insurance.pdf	pdf	6290f573eb816b00086a5ddd	05/27/2022
Proposed Timeline	Updated timeline 5_2022.pdf	pdf	629111403bea2b0008cb0ce9	05/27/2022

OPERATING POLICIES AND PROCEDURES

Policies and Procedures Documentation:

Document Category	Document Name	Type	ID	Upload Date
Maintaining of financial records	SOP Maintenance of Financial Records.pdf	pdf	5cbe0b4b5c356a44cb768b2c	04/22/2019
Plan for obtaining marijuana or	Plan for obtaining marijuana or marijuana	pdf	5cbe1ab69b1a9b44dfe4da2e	04/22/2019

marijuana products	products.pdf				
Dispensing procedures	SOP Retail Dispensing Operations.pdf	pdf	5dddb45c66a32657cfbdd0c5	11/26/2019	
Prevention of diversion	SOP148 - Anti-Diversion & Remedial Action Policies v1.0.pdf	pdf	62910480eb816b00086a7c69	05/27/2022	
Storage of marijuana	SOP146 - Cannabis Product Storage & Security v1.0.pdf	pdf	629104bbeb816b00086a7d1d	05/27/2022	
Inventory procedures	SOP200 - Inventory Controls, Transfers & Procedures v1.0.pdf	pdf	629104dc3bea2b0008caf735	05/27/2022	
Record Keeping procedures	SOP180 - Recordkeeping v1.0.pdf	pdf	629104f63bea2b0008caf7a5	05/27/2022	
Transportation of marijuana	SOP311 - Shipping Cannabis - Leaf Logix - Metrc v1.0.pdf	pdf	6291056d3bea2b0008caf9eb	05/27/2022	
Quality control and testing	SOP204 - Testing & Quality Control v1.0.pdf	pdf	62910583eb816b00086a812d	05/27/2022	
Restricting Access to age 21 and older	SOP141 - Restricting Access to Age 21 and Older v1.0.pdf	pdf	629105973bea2b0008cafaea	05/27/2022	
Personnel policies including background checks	JimBuddys Rec Shop Handbook - Final Revisions 3.17.22.pdf	pdf	629105cfef816b00086a8286	05/27/2022	
Security plan	SOP140 - Security Protocols Overview v1.0.pdf	pdf	629105ec3bea2b0008cafc30	05/27/2022	
Security plan	SOP500 - Security Plan v1.0.pdf	pdf	629105f6eb816b00086a82be	05/27/2022	
Diversity plan	Final Diversity Plan 5162022.pdf	pdf	62910692eb816b00086a84b4	05/27/2022	
Qualifications and training	SOP300 - Employee Training Program Overview v1.0.pdf	pdf	6291074deb816b00086a86d5	05/27/2022	
Qualifications and training	Job Descriptions v1.0.pdf	pdf	629107583bea2b0008caffad	05/27/2022	
Energy Compliance Plan	SOP109 - Energy Conservation v1.0.pdf	pdf	629107743bea2b0008cb0021	05/27/2022	

MARIJUANA RETAILER SPECIFIC REQUIREMENTS

No documents uploaded

No documents uploaded

ATTESTATIONS

I certify that no additional entities or individuals meeting the requirement set forth in 935 CMR 500.101(1)(b)(1) or 935 CMR 500.101(2)(c)(1) have been omitted by the applicant from any marijuana establishment application(s) for licensure submitted to the Cannabis Control Commission.: I Agree

I understand that the regulations stated above require an applicant for licensure to list all executives, managers, persons or entities having direct or indirect authority over the management, policies, security operations or cultivation operations of the Marijuana Establishment; close associates and members of the applicant, if any; and a list of all persons or entities contributing 10% or more of the initial capital to operate the Marijuana Establishment including capital that is in the form of land or buildings.: I Agree

I certify that any entities who are required to be listed by the regulations above do not include any omitted individuals, who by themselves, would be required to be listed individually in any marijuana establishment application(s) for licensure submitted to the Cannabis Control Commission.: I Agree

Notification: I Understand

I certify that any changes in ownership or control, location, or name will be made pursuant to a separate process, as required under 935 CMR 500.104(1), and none of those changes have occurred in this application.: I Agree

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I certify that to the best knowledge of any of the individuals listed within this application, there are no background events that have arisen since the issuance of the establishment's final license that would raise suitability issues in accordance with 935 CMR 500.801.: I Agree

I certify that all information contained within this renewal application is complete and true.: I Agree

ADDITIONAL INFORMATION NOTIFICATION

Notification: I Understand

COMPLIANCE WITH POSITIVE IMPACT PLAN

Progress or Success Goal 1

Description of Progress or Success: JimBuddy's Rec Shop is currently not open. We are just beginning to advertise job positions but difficult without having an estimated start date. We have done the following:

1. Posting employment opportunities to individuals from disproportionately affected areas (Holyoke and Springfield).
2. Posting employment opportunities with the HCC Cannabis Education Center

COMPLIANCE WITH DIVERSITY PLAN

Diversity Progress or Success 1

Description of Progress or Success: PROGRAM 1:

JimBuddy's Rec Shop is participating with the Cannabis Center of Excellence (CCOE) Experimental Program. This program will train, mentor and connect individuals looking to get onsite and hands on experience working with licensed cannabis operators in Massachusetts. Annually, JimBuddy's Rec Shop will sponsor one (1) part-time and (1) full-time qualified candidates, as per the program offerings. During the internship, candidates will be paid at least minimum wage, be monitored onsite, and will regularly check-in with the CCOE. JimBuddy's Rec Shop will begin participation after the Marijuana Establishment has been opened for approximately 6-12 months.

The learning opportunities will be advertised through Let's Talk Weed program community partner. Paper flyers, social media, and advertisement on the CCOE website will be the main forms of advertising the program.

The CCOE program is a hands on environment as opposed to a classroom environment.

JimBuddy's Rec Shop hopes to gain access to trained and motivated workers as part of this partnership. We will use the CCOE and their partners for networking events to attract applicants from a diverse pool of trained and mentored Apprentices.

Ongoing support will be provided by the CCOE in the form of Program Information, Educational Material, Program Guidebook and Mentor sessions & check in scheduling.

The Program Wrap Up will consist of a Final Program Presentation followed by a Partner Next Step Meeting with the CCOE & Let's Talk Weed. Documentation of the experience will be provided as a model for other partners (Press release, web presence, etc.).

The sponsorship will entail JimBuddys paying \$3500 to the CCOE for each full time apprentice we bring on board and \$2500 for each part time. It is not a scholarship in a sense that this program is not part of a credited course.

At this time JimBuddy's will not be advertising for CCOE program. In the future when we do intend to advertise, it will be done in compliance with 935 CMR 500.105(4)

JimBuddy's will participate in 0-3 industry-specific seminars/training in the next year. Currently there are no specific dates set.

HOURS OF OPERATION

Monday From: 9:00 AM Monday To: 9:00 PM

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Tuesday From: 9:00 AM	Tuesday To: 9:00 PM
Wednesday From: 9:00 AM	Wednesday To: 9:00 PM
Thursday From: 9:00 AM	Thursday To: 9:00 PM
Friday From: 9:00 AM	Friday To: 9:00 PM
Saturday From: 9:00 AM	Saturday To: 9:00 PM
Sunday From: 10:00 AM	Sunday To: 9:00 PM

JR



Host Community Agreement Certification Form

The applicant and contracting authority for the host community must complete each section of this form before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant and/or municipality appear in italics. Please note that submission of information that is "misleading, incorrect, false, or fraudulent" is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).


Applicant

I, JAMES ROBINSON, (insert name) certify as an authorized representative of JIMBUDDYS REC SHOP, INC. (insert name of applicant) that the applicant has executed a host community agreement with CITY CHICOPEE (insert name of host community) pursuant to G.L.c. 94G § 3(d) on 2/20/2019 (insert date).


Signature of Authorized Representative of Applicant

Host Community

I, Richard J. Kos, (insert name) certify that I am the contracting authority or have been duly authorized by the contracting authority for Chicopee (insert name of host community) to certify that the applicant and Chicopee (insert name of host community) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on 2/22/2019 (insert date).


Signature of Contracting Authority or Authorized Representative of Host Community



Community Outreach Meeting Attestation Form

The applicant must complete each section of this form and initial each page before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant appear in italics. Please note that submission of information that is “misleading, incorrect, false, or fraudulent” is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).

I, James Robinson, (*insert name*) attest as an authorized representative of JimBuddy's Rec Shop (*insert name of applicant*) that the applicant has complied with the requirements of 935 CMR 500 and the guidance for licensed applicants on community outreach, as detailed below.

1. The Community Outreach Meeting was held on Feb. 21, 2019 (*insert date*).
2. A copy of a notice of the time, place, and subject matter of the meeting, including the proposed address of the Marijuana Establishment, was published in a newspaper of general circulation in the city or town on Feb. 14, 2019 (*insert date*), which was at least seven calendar days prior to the meeting. A copy of the newspaper notice is attached as Attachment A (*please clearly label the newspaper notice in the upper right hand corner as Attachment A and upload it as part of this document*).
3. A copy of the meeting notice was also filed on Feb. 11, 2019 (*insert date*) with the city or town clerk, the planning board, the contracting authority for the municipality, and local licensing authority for the adult use of marijuana, if applicable. A copy of the municipal notice is attached as Attachment B (*please clearly label the municipal notice in the upper right-hand corner as Attachment B and upload it as part of this document*).
4. Notice of the time, place and subject matter of the meeting, including the proposed address of the Marijuana Establishment, was mailed on Feb. 11, 2019 (*insert date*), which was at least seven calendar days prior to the community outreach meeting to abutters of the proposed address of the Marijuana Establishment, and residents within 300 feet of the property line of the petitioner as they appear on the most recent applicable tax list, notwithstanding that the land of any such owner is located in another city or town. A copy of one of the notices sent to abutters and parties of interest as described in this section is attached as Attachment C (*please clearly label the municipal notice in the upper right hand corner as Attachment C and upload it as part of this document; please only include a copy of one notice and please black out the name and the address of the addressee*).

Estates, Antiques, Autos,
Clean Out Services.
549-8300

Jobs

Jobs - Medical & Dental
Employment Agencies & Services
Job Information
Instruction/Schools
Instruction/Dramatic Arts
Situations Wanted
Wanted - Instruction

Jobs

DRIVER/DELIVERY/HELPER
Pieroways has openings for Driver/Delivery/Helper person. Must have valid drivers lic & Medical cert. Excel earning potential. For appt call Pieroways, 739-1101 betw 10-3

the CLASSIFIEDS
You never know what you'll find inside.

MIT

MIT

The Republican.
413-788-1234
classified@repub.com

- Lawnmower & Snowblower
- Machinery & Tools
- Med. Equipment Sales/Wanted
- Miscellaneous
- Musical Instruments
- Office Equipment
- Pools, Spas & Accessories
- Professional Equipment
- Restaurant Equipment
- Seasonal
- Snowmobiles
- Sports
- Television
- Tickets
- Video
- Vintage Clothing
- Wanted to Buy
- Wood-Burning Stoves

Articles for Sale

10FT FIBERGLASS STEP LADDER \$175; 60lbs Jack Hammer w/bits & Hoses, \$200; (2) Post Hole Diggers, good cond \$20/ea. Call (413)787-9997

5 DRAWER DRESSER, good cond., \$85.00
Call 413-237-7148

7 1/2 FT Fisher Snow Plow blade, \$249./bo.
Call 413-237-7148

8' Snowplow blade, made to fit farm tractor, \$249.
Call 413-237-7148

Bargains Galore

BASEBALL, Football Basketball & Hockey cards, 1950's-present, all 50 to 90% off, unopened boxes \$1.25. I buy cards/all types Memorabilia
413-596-5783

Portable, New \$2400, asking \$750. (413)519-1492

RIDGID tri-pod chain vise SOLD, antique dining room table, made by VT furn, \$175, (413)530-9543

Snowmobile Trailer, \$425.
Call 413-237-7148

Furniture, Etc.

Dining Room Table, 4 chairs, \$100 or B/O, Call 413-734-8315 9am-3pm

Sofa and Loveset, Good condition! Part wood & leather upholstery, \$250 for both. Call 413-592-3512

Jewelry

Marquis wedding & engagement ring, 1.08 total ct diamonds, never worn, \$1000. Call 413-658-8368

Lawnmowers & Snowblowers

Ariens Snowblower runs but needs work. \$225.00/best offer. Call 413-237-7148

Craftsman Snowblower, runs but needs work. \$225. Call 413-237-7148

Husqvarna Snowblower, runs but needs work. \$220. Call 413-237-7148

Meyers 7 1/2 ft snowplow blade, \$450.
Call 413-237-7148

intention to make any such preference, limitation or discrimination. Familial status includes children under the age of 18 living with parents or legal custodians, pregnant women and people securing custody of children under 18.

This newspaper will not knowingly accept any advertising for real estate which is in violation of the law. To report discrimination, call the Office of Fair Housing and Equal Opportunity of the U.S. Department of Housing and Urban Development (HUD) at 1-800-669-9777. The HUD TTY telephone number for the hearing impaired is 212-708-1455.

Apartments/Condos, Unfurnished

0-1-2 BEDROOM AGAWAM FREE HEAT & UTILS No pets. 413-786-6323

Business/Commercial Property

A1 SPACE AVAILABLE 500-8000sf Lt Manuf. W/hsq. Office, Art space. Indian Orch Mills 943-3321

Rooms Without Board

BELAIR INN - EFFIC WEEKLY RATES - stove, 60 channel TV, phone, cable, Rte. 5, West Spfid. 413-781-7825

Attachment A JR

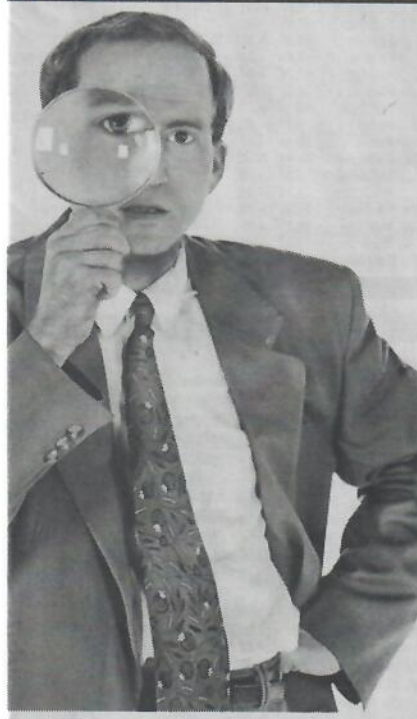
Legal Notices

Legal ads can be e-mailed to **classified-legals@repub.com**
For more information call 413-788-1297

Chicopee

Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Establishment is scheduled for 2/21/2019 at 10am EST at the Residence Inn by Marriott Springfield Chicopee, located at 500 Memorial Drive, Chicopee, MA 01020. The proposed Marijuana Retailer is anticipated to be located at 1269 Memorial Drive, Chicopee, MA 01020. There will be an opportunity for the public to ask questions.
(February 14)

More Legals on C6



nt in The Republican
slive.com

The Republican is currently seeking part-time

Warehouse Assistants

to join our company, serving in our Westfield and Springfield Distribution Centers.

The Warehouse Assistant supports all operations of the Distribution Center which includes the accurate distribution of newspapers to independent contract carriers, loading and unloading pallets, and maintaining a clean and safe work environment.

You must have the ability to:

- Lift 40-50 lbs
- Read and speak English
- Work well with others as well as independently
- Drive a box truck with Standard transmission

Candidates must have a valid driver's license, good driving record, history of reliable work habits. Forklift certification a must; company will provide if necessary.

Position requires working late night/early morning hours. Candidates must be able to work a flexible schedule four to five days a week, including weekends, averaging 20-25 hours per week.

You can apply in person M-F 9am - 3pm or send a cover letter and resume to humanresources@repub.com

The Republican. | MASS LIVE | **EL PUEBLO Latino**

Attachment B
JR

CITY CLERK'S OFFICE
CITY OF CHICOPEE

2019 FEB 11 A 11:32

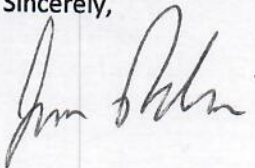
February 8, 2019

City of Chicopee
17 Springfield Street
Clerks Office
Attn: Keith Rattell
Chicopee, MA 01013

Dear Mr. Rattell,

Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Establishment is scheduled for February 21, 2019, at 10am EST at the Residence Inn by Marriott Springfield Chicopee, located at 500 Memorial Drive, Chicopee, MA 01020. The proposed Marijuana Retail Establishment is anticipated to be located at 1269 Memorial Drive, Chicopee, MA 01020. There will be an opportunity for the public to ask questions.

Sincerely,



James Robinson
President & CEO

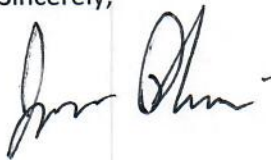
February 8, 2019

~~Chicopee Police Department
143 Church Street
Attn: William Jobb
Chicopee, MA 01020~~

Dear ~~Chief Jobb~~,

Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Establishment is scheduled for February 21, 2019, at 10am EST at the Residence Inn by Marriott Springfield Chicopee, located at 500 Memorial Drive, Chicopee, MA 01020. The proposed Marijuana Retail Establishment is anticipated to be located at 1269 Memorial Drive, Chicopee, MA 01020. There will be an opportunity for the public to ask questions.

Sincerely,



James Robinson
President & CEO

Host Community Information

(Plan to Remain Compliant with Local Zoning)

This establishment is allowed at this location as a matter of right. The location complies with all siting regulations set forth by the City, Zoning Ordinance 275-72. No variances are required. A Special Permit is required per Zoning Ordinance 275-72 (F).

Local Licensing Requirements:

Special Permit: A Special Permit is granted by the City Council. Part of the Special Permit process is a SPRAC (Site Plan Review Advisory Committee) review which consist of reviews by the Police, Fire, Building and Planning Departments to assist the Council in making their decision. We have applied for a Special Permit under Zoning Ordinance 275-72 (F) under License Group B [Business to Consumer (B2C) Establishments] Zoning Ordinance 275-72 D.(3)(b)

Building Permit: Building Permit applications will be filed by the General Contractor. Electrical permits will be part of this process.

Electrical Permit: Electrical Permit applications will be filed by the Electrical Contractor.

Plumbing permit: None required

Board of Health: None required

Sign Permit: Sign Permit application will be filed by the sign installer.

Certificate of Occupancy: Will be issued by the Building Department upon completion of the project



JimBuddy's Rec Shop
1269 Memorial Drive
Chicopee, MA 01020

City of Chicopee
Mayor John Vieau
City Hall
17 Springfield Street
Chicopee, MA 01013

May 31, 2022

Subject: Request for Public Record

Mayor John Vieau,

Please accept this letter as a formal request for the public records showing any cost to the City imposed by the operation of a marijuana establishment. In accordance with M.G.L. c. 94G, § 3(d), any cost to a city or town imposed by the operation of a Marijuana Establishment (ME) or Medical Treatment Center (MTC) shall be documented and considered a public record as defined by M.G.L. c. 4, § 7, cl. 26.

The response can be emailed to jim@jimbuddys.com or mailed to JimBuddy's Rec Shop, 1269 Memorial Drive, Chicopee, MA 01020.

Sincerely,

A handwritten signature in black ink that reads "Lisa Robinson". The signature is written in a cursive, flowing style.

Lisa Robinson
JimBuddy's Rec Shop
lisa@jimbuddys.com
413-478-2951

June 2, 2022

Subject: Attestation / Host Community Information (Municipal Cost Documentation)

To Whom It May Concern,

I certify that JimBuddy's Rec Shop did not receive a response from the City of Chicopee in regard to the request for any cost to a city or town imposed by the operation of a Marijuana Establishment. The requested information is considered public record as defined by M.G.L. c. 4, § 7, cl. 26.

I understand that the request for any cost to a city or town imposed by the operation of a Marijuana Establishment shall be requested annually prior to renewing a license as set forth under 935 CMR 500.103(4)(f).

Sincerely,

A handwritten signature in cursive script that reads "Lisa Robinson".

Lisa Robinson
Chief Financial Officer

Plan to Positively Impact “Areas of Disproportionate Impact”

Goals

JimBuddy’s Rec Shop is located in Chicopee, MA and does not fall within one of the areas defined in the Cannabis Control Commission as areas of disproportionate impact, but directly abuts three major cities defined as areas of disproportionate impact, with a total population of over 225,000 residents. These cities are Springfield, Holyoke and West Springfield. The goals of our plan to positively impact areas of disproportionate impact is to:

1. The applicant will hire 10% of its staff that are Massachusetts residents over the age of 21 who reside in areas most effected by past cannabis prohibition, as defined by the CCC; offer employment to only individuals over the age of 21, and
2. Offer, once per calendar year, educational, legal and support services for residents who have been most impacted by the prohibition of cannabis due to past drug convictions, with the goal of helping individuals address legal, societal and educational funding.
3. The applicant will hire 20% of its staff that are Massachusetts residents over the age of 21 who have past drug convictions.

Programs

The programs that JimBuddy’s Rec Shop will participate in are, but not limited to:

1. JimBuddy’s is a member of Cannabis Community Care and Research Network (C3RN), and will work with affiliated programs to distinguish individuals, programs and best practice methods to enable placement, advancement and public awareness.
2. JimBuddy’s will partner with local educational organizations located in areas of disproportionate impact with a focus on providing training, career opportunities and job placement to better identify qualified individuals from these areas. We will only recruit individuals 21 years or older.
 - a. JimBuddy’s will work with local colleges, universities and cannabis programs based within areas of disproportionate impact for recruitment purposes, including but not limited to the Holyoke Community College’s Social Equity Training Program.
3. JimBuddy’s, in conjunction with Evans & Cutler Law firm, will sponsor bi-annual workshops to offer informational and supportive services for individuals as to address expungement programs which will allow them to access better potential career opportunities as well as regaining access to educational scholarships and funding previously prevented by past drug convictions.

Measurements

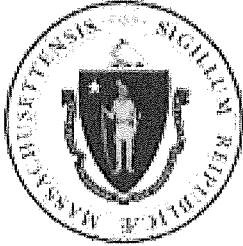
The means by which JimBuddy’s Rec Shop will measure its progress are as follows:

1. Actively working with Positive Impact Plan Partners (i.e. C3RN, Holyoke Community College and NEVA) to create a system to actively monitor and evaluate the following key metrics and data on the success, productivity and compliance to established programs on a bi-annual basis.
 - a. Number of individuals hired, retained and promoted from these programs or who have past drug convictions.
 - b. Number and participation rates of individuals directly referred to these programs by JimBuddy’s; and who have past drug convictions.
 - c. Number of applications received from participants of these programs or who have past drug convictions.
2. JimBuddy’s Compliance Manager will conduct an internal review and evaluation on a quarterly basis of each program and partnership that JimBuddy’s participates with and will track the key metrics of their productivity including but not limited to:
 - a. Employees hired from each separate program; and
 - b. Number of applicants received from each program.
 - c. Number of applicants received that have prior drug convictions.

JimBuddy's will adhere to the requirements set forth in 935 CMR 500.105(4) which provides the permitted and prohibited advertising, branding marketing and sponsorship practices of Marijuana Establishments.

Any actions taken, or programs instituted, by JimBuddy's will not violate the Commission's regulations with respect to limitations on ownership or control or other applicable laws.

The progress of this plan and each aspect will be documented for evaluation upon renewal (one year from provisional licensure, and each year there after).



**The Commonwealth of Massachusetts
William Francis Galvin**

Minimum Fee: \$250.00

Secretary of the Commonwealth, Corporations Division
One Ashburton Place, 17th floor
Boston, MA 02108-1512
Telephone: (617) 727-9640

[Special Filing Instructions](#)

Articles of Organization

(General Laws, Chapter 156D, Section 2.02; 950 CMR 113.16)

Identification Number: 001331693

ARTICLE I

The exact name of the corporation is:

JIMBUDDY'S REC SHOP, INC.

ARTICLE II

Unless the articles of organization otherwise provide, all corporations formed pursuant to G.L. C156D have the purpose of engaging in any lawful business. Please specify if you want a more limited purpose:

ARTICLE III

State the total number of shares and par value, if any, of each class of stock that the corporation is authorized to issue. All corporations must authorize stock. If only one class or series is authorized, it is not necessary to specify any particular designation.

Class of Stock	Par Value Per Share Enter 0 if no Par	Total Authorized by Articles of Organization or Amendments		Total Issued and Outstanding Num of Shares
		Num of Shares	Total Par Value	
CNP	\$0.00000	275,000	\$0.00	0

G.L. C156D eliminates the concept of par value, however a corporation may specify par value in Article III. See G.L. C156D Section 6.21 and the comments thereto.

ARTICLE IV

If more than one class of stock is authorized, state a distinguishing designation for each class. Prior to the issuance of any shares of a class, if shares of another class are outstanding, the Business Entity must provide a description of the preferences, voting powers, qualifications, and special or relative rights or privileges of that class and of each other class of which shares are outstanding and of each series then established within any class.

NOT APPLICABLE

ARTICLE V

The restrictions, if any, imposed by the Articles of Organization upon the transfer of shares of stock of any class are:

ARTICLE V: RESTRICTIONS ON THE TRANSFER OF STOCK SECTION 1. VOLUNTARY TRANSFER. (A) ANY STOCKHOLDER WHO DESIRES TO TRANSFER ALL OR ANY PART OF THE STOCK OWNED BY HIM/HER WITHOUT CONSIDERATION, SHALL NOTIFY THE CORPORATION IN WRITING, NAMING THE PROPOSED TRANSFEREE AND AN ARBITRATOR. THE CORPORATIO

N MAY WITHIN THIRTY (30) DAYS THEREAFTER GIVE WRITTEN NOTICE TO THE STOCKHOLDER NAMING A SECOND ARBITRATOR. THE TWO ARBITRATORS SO NAMED SHALL WITHIN TEN (10) DAYS NAME A THIRD. IT SHALL THEN BE THE DUTY OF THE ARBITRATORS TO ASCERTAIN BY MAJORITY VOTE WITHIN AN ADDITIONAL THIRTY (30) DAYS THE FAIR MARKET VALUE OF THE STOCK. AFTER THE REPORT OF THE ARBITRATORS AS TO SUCH VALUE, THE BOARD OF DIRECTORS SHALL HAVE AN ADDITIONAL THIRTY (30) DAYS WITHIN WHICH TO PURCHASE SUCH STOCK OR TO DESIGNATE A PERSON OR PERSONS TO PURCHASE THE SAME OR ANY SPECIFIED PART THEREOF AT SUCH VALUE. IN THE EVENT THE CORPORATION DOES NOT EXERCISE ITS RIGHT TO PURCHASE WITHIN SAID THIRTY (30) DAYS, WRITTEN NOTICE OF SUCH DETERMINATION SHALL BE GIVEN TO THE STOCKHOLDER AND THEREAFTER THE STOCKHOLDER MAY DISPOSE OF THE SAME IN THE MANNER SET OUT IN HIS WRITTEN NOTICE WITHIN THIRTY (30) DAYS AFTER THE EXPIRATION OF THE LAST THIRTY (30) DAY PERIOD. IF THE STOCKHOLDER DOES NOT SO DISPOSE OF SUCH STOCK, ALL OF THE RESTRICTIONS IMPOSED HEREIN SHALL APPLY TO ALL OF THE STOCK OWNED BY HIM/HER.

(B) ANY STOCKHOLDER, INCLUDING THE HEIRS, ASSIGNS, EXECUTORS OR ADMINISTRATORS OF A DECEASED STOCKHOLDER, DESIRING TO SELL OR TRANSFER SUCH STOCK OWNED BY HIM/HER OR THEM, SHALL FIRST OFFER IT TO THE CORPORATION THROUGH THE BOARD OF DIRECTORS, IN THE MANNER FOLLOWING: HE/SHE SHALL NOTIFY THE DIRECTORS OF HIS DESIRE TO SELL OR TRANSFER BY NOTICE IN WRITING, WHICH NOTICE SHALL CONTAIN THE PRICE AT WHICH HE/SHE IS WILLING TO SELL OR TRANSFER AND THE NAME OF ONE ARBITRATOR. THE DIRECTORS SHALL WITHIN THIRTY (30) DAYS THEREAFTER EITHER ACCEPT THE OFFER, OR BY NOTICE TO HIM/HER IN WRITING NAME A SECOND ARBITRATOR, AND THESE TWO SHALL NAME A THIRD. IT SHALL THEN BE THE DUTY OF THE ARBITRATORS TO ASCERTAIN THE VALUE OF THE STOCK, AND IF ANY ARBITRATOR SHALL NEGLECT OR REFUSE TO APPEAR AT ANY MEETING APPOINTED BY THE ARBITRATORS, A MAJORITY MAY ACT IN THE ABSENCE OF SUCH ARBITRATOR. AFTER THE ACCEPTANCE OF THE OFFER, OR THE REPORT OF THE ARBITRATORS AS TO THE VALUE OF THE STOCK, THE DIRECTORS SHALL HAVE THIRTY (30) DAYS WITHIN WHICH TO PURCHASE THE SAME AT SUCH VALUATION, BUT IF AT THE EXPIRATION OF THIRTY (30) DAYS, THE CORPORATION SHALL NOT HAVE EXERCISED THE RIGHT SO TO PURCHASE, THE OWNER OF THE STOCK SHALL BE AT LIBERTY TO DISPOSE OF THE SAME IN ANY MANNER HE/SHE MAY SEE FIT. NO SHARES OF STOCK SHALL BE SOLD OR TRANSFERRED ON THE BOOKS OF THE CORPORATION UNTIL THESE PROVISIONS HAVE BEEN COMPLIED WITH, BUT THE BOARD OF DIRECTORS MAY IN ANY PARTICULAR INSTANCE WAIVE THE REQUIREMENT.

SECTION 2. INVOLUNTARY TRANSFER ANY PERSON ACQUIRING ANY SHARES OF STOCK BY THE INSOLVENCY OR BANKRUPTCY OF ANY STOCKHOLDER, BY THE FORECLOSURE OF ANY PLEDGE OR HYPOTHECATION, OR BY ANY OTHER INVOLUNTARY TRANSFER OR ASSIGNMENT, OR BY DEATH, OR OTHERWISE BY PROCESS OF LAW, BEFORE BEING ENTITLED TO EXERCISE ANY RIGHTS AS A HOLDER OF SUCH STOCK OF THE CORPORATION, SHALL OFFER IN WRITING ALL OF SUCH ACQUIRED SHARES TO THE CORPORATION FOR PURCHASE BY IT AND DELIVER TO THE CORPORATION TOGETHER WITH SUCH OFFER, (1) THE CERTIFICATE OR CERTIFICATES REPRESENTING ALL OF SUCH SHARES OR STOCK (2) PROPER PROOF OR AUTHENTICATION OF SUCH PERSON'S RIGHT TO ACQUIRE SUCH SHARES AND TO TRANSFER THE SAME, AND (3) A STOCK POWER OR POWERS DULY EXECUTED IN BLANK BY SUCH PERSON. SUCH OFFER SHALL BE MADE WITHIN THIRTY (30) DAYS OF SUCH INVOLUNTARY TRANSFER AND SHALL NAME ONE ARBITRATOR. THE CORPORATION MAY WITHIN THIRTY (30) DAYS THEREAFTER GIVE WRITTEN NOTICE TO THE STOCKHOLDER NAMING A SECOND ARBITRATOR. THE TWO ARBITRATORS SO NAMED SHALL WITHIN TEN (10) DAYS NAME A THIRD. IT SHALL THEN BE THE DUTY OF THE ARBITRATORS TO ASCERTAIN BY MAJORITY VOTE WITHIN AN ADDITIONAL THIRTY (30) DAYS THE FAIR MARKET VALUE OF THE STOCK. AFTER THE REPORT OF THE ARBITRATORS AS TO SUCH VALUE, THE BOARD OF DIRECTORS SHALL HAVE AN ADDITIONAL THIRTY (30) DAYS WITHIN WHICH TO PURCHASE SUCH STOCK OR TO DESIGNATE IN WRITING A PERSON OR PERSONS TO PURCHASE THE SAME OR ANY SPECIFIED PART THEREOF AT SUCH VALUE. IN THE EVENT THAT THE CORPORATION DOES NOT ELECT TO EXERC

ISE ITS OPTION HEREUNDER, THE SHARES OF STOCK SO ACQUIRED SHALL BE TRANSFERRED ON THE BOOKS OF THE CORPORATION INTO THE NAME OF THE PERSON ACQUIRING THE SAME AND SUCH STOCK SHALL THEREAFTER BE SUBJECT TO ALL THE RESTRICTIONS IMPOSED BY THIS ARTICLE. SECTION 3. MISCELLANEOUS. NO SHARES OF STOCK SHALL BE SOLD OR TRANSFERRED ON THE BOOKS OF THE CORPORATION UNTIL THE PROVISIONS CONTAINED HEREIN HAVE BEEN COMPLIED WITH, BUT THE BOARD OF DIRECTORS MAY IN ANY PARTICULAR INSTANCE WAIVE THESE REQUIREMENTS. A PLEDGE OR HYPOTHECATION SHALL NOT BE SUBJECT TO THIS RESTRICTION, AND PRIOR TO FORECLOSURE NO TRANSFER OF THE SHARES PLEDGED OR HYPOTHECATED SHALL BE MADE BY THE CORPORATION ON ITS BOOKS (EXCEPT TO ANY EXTENT REQUIRED BY LAW). IF THE PLEDGE OR HYPOTHECATION SHALL BE FORECLOSED, ANY SUCH TRANSFER SHALL BE SUBJECT TO THIS RESTRICTION. THE FOLLOWING STATEMENT SHALL BE LEGIBLY STAMPED OR ENDORSED UPON EACH CERTIFICATE OF STOCK OF THE CORPORATION NOW OWNED OR HEREAFTER ACQUIRED: THIS CERTIFICATE IS SUBJECT TO AND TRANSFERABLE ON THE BOOKS OF THE CORPORATION ONLY UPON COMPLIANCE WITH THE PROVISIONS OF THE STOCK RESTRICTION PROVISIONS APPLICABLE THERETO, A COPY OF WHICH WILL BE SUPPLIED TO THE HOLDER OF THIS CERTIFICATE WITHOUT CHARGE UPON WRITTEN REQUEST TO THE CLERK OF THE CORPORATION. EACH STOCKHOLDER SHALL SURRENDER TO THE CORPORATION ALL OF THE CERTIFICATES OF STOCK IN THE CORPORATION NOW OWNED OR HEREAFTER ACQUIRED BY HIM/HER AND THE CORPORATION SHALL INSCRIBE THEREON THE LEGEND SET FORTH IN THE PRECEDING SENTENCE AND RETURN SAID CERTIFICATES TO THE STOCKHOLDER.

ARTICLE VI

Other lawful provisions, and if there are no provisions, this article may be left blank.

(A) THE DIRECTORS MAY MAKE, AMEND OR REPEAL THE BY-LAWS IN WHOLE OR IN PART, EXCEPT WITH RESPECT TO ANY PROVISIONS THEREOF WHICH BY LAW THE BY-LAWS REQUIRE ACTION BY THE STOCKHOLDER. (B) MEETINGS OF THE STOCKHOLDERS MAY BE HELD ANYWHERE IN THE UNITED STATES. (C) THE CORPORATION MAY BE A PARTNER IN ANY BUSINESS ENTERPRISE IT WOULD HAVE THE POWER TO CONDUCT ITSELF.

Note: The preceding six (6) articles are considered to be permanent and may be changed only by filing appropriate articles of amendment.

ARTICLE VII

The effective date of organization and time the articles were received for filing if the articles are not rejected within the time prescribed by law. If a *later* effective date is desired, specify such date, which may not be later than the *90th day* after the articles are received for filing.

Later Effective Date: Time:

ARTICLE VIII

The information contained in Article VIII is not a permanent part of the Articles of Organization.

a,b. The street address of the initial registered office of the corporation in the commonwealth and the name of the initial registered agent at the registered office:

Name: JAMES M. ROBINSON
No. and Street: 30 VADNAIS STREET
City or Town: CHICOPEE State: MA Zip: 01020 Country: USA

c. The names and street addresses of the individuals who will serve as the initial directors, president, treasurer and secretary of the corporation (an address need not be specified if the business address of the officer or director is the same as the principal office location):

Title	Individual Name First, Middle, Last, Suffix	Address (no PO Box) Address, City or Town, State, Zip Code
PRESIDENT	JAMES M. ROBINSON	30 VADNAIS STREET CHICOPEE, MA 01020 USA
TREASURER	LISA M. ROBINSON	30 VADNAIS STREET CHICOPEE, MA 01020 USA
SECRETARY	JAMES M. ROBINSON	30 VADNAIS STREET CHICOPEE, MA 01020 USA
DIRECTOR	JAMES M. ROBINSON	30 VADNAIS STREET CHICOPEE, MA 01020 USA
DIRECTOR	LISA M. ROBINSON	30 VADNAIS STREET CHICOPEE, MA 01020 USA

d. The fiscal year end (i.e., tax year) of the corporation:
December

e. A brief description of the type of business in which the corporation intends to engage:

GENERAL RETAIL SALES.

f. The street address (post office boxes are not acceptable) of the principal office of the corporation:

No. and Street: 1269 MEMORIAL DRIVE
City or Town: CHICOPEE State: MA Zip: 01020 Country: USA

g. Street address where the records of the corporation required to be kept in the Commonwealth are located (post office boxes are not acceptable):

No. and Street: 1269 MEMORIAL DRIVE
City or Town: CHICOPEE State: MA Zip: 01020 Country: USA

which is

its principal office
 an office of its secretary/assistant secretary
 an office of its transfer agent
 its registered office

Signed this 13 Day of June, 2018 at 10:52:53 AM by the incorporator(s). (If an existing corporation is acting as incorporator, type in the exact name of the business entity, the state or other jurisdiction where it was incorporated, the name of the person signing on behalf of said business entity and the title he/she holds or other authority by which such action is taken.)

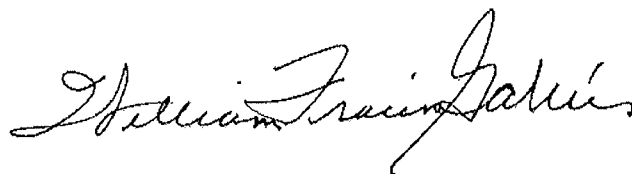
JAMES M. ROBINSON

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are

deemed to have been filed with me on:

June 13, 2018 10:52 AM

A handwritten signature in black ink, reading "William Francis Galvin". The signature is written in a cursive style with a large, prominent initial "W".

WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

BY-LAWS

of

JimBuddy's Rec Shop, Inc.

ARTICLE I

Articles of Organization

The name and purposes of the corporation shall be as set forth in the Articles of Organization. These By-Laws, the powers of the corporation and its Directors and stockholders, and all matters concerning the conduct and regulation of the business of the corporation, shall be subject to such provisions in regard thereto, if any, as are set forth in the Articles of Organization. All references in these By-Laws to the Articles of Organization shall be construed to mean the Articles of Organization of the corporation as from time to time amended or restated.

ARTICLE II

Fiscal Year

Except as from time to time otherwise determined by the Director(s), the fiscal year of the corporation shall end each year on December 31st.

ARTICLE III

Meetings of Stockholders

Section I. Annual Meetings.

The annual meeting of the stockholders shall be held on the second Tuesday in March of each year (or if it be a legal holiday in the place where the meeting is to be held, on the next succeeding full business day) at 10:00 o'clock A.M. unless a different hour is fixed by the Board of Directors or the President. The purposes for which the annual meeting is to be held, in addition to those prescribed by law, by the Articles of Organization or by these By-Laws, may be

specified by the Board of Directors of the President. If no annual meeting has been held on the date fixed above, a special meeting in lieu thereof may be held and such special meeting shall have for the purposes of these By-Laws or otherwise all the force effect of an annual meeting.

Section 2. Special Meetings.

A special meeting of the stockholders may be called at any time by the president, or by majority of the Directors acting by vote or by written instrument or instruments signed by them. A special meeting of the stockholders shall be called by the Secretary, or in case of the death, absence, incapacity or refusal of the Secretary, by any other officer, upon written application of one or more stockholders who hold at least one-tenth part in interest of the stock entitled to vote at the meeting. Such call shall state the time, place, and purposes of the meeting.

Section 3. Place of Meetings.

All meetings of the stockholders shall be held at the principal office of the corporation in Massachusetts, unless a different place within Massachusetts or, if permitted by the Articles of Organization, elsewhere within the United States as designated by the President, or by a majority of the Directors acting by vote or by written instrument or instruments signed by them. Any adjourned session of any meeting of the stockholders shall be held at such place within Massachusetts or, if permitted by the Articles of Organization, elsewhere within the United States as is designated in the vote of adjournment.

Section 4. Notice of Meetings.

A written notice of the place, date and hour of all meetings of stockholders stating the purposes of the meeting shall be given at least seven days before the meeting to each stockholder entitled to vote thereat and to each stockholder who is otherwise entitled by law of by the Articles of Organization to such notice, by leaving such notice with him or at his residence or

usual place of business, or by mailing it, postage prepaid, and addressed to such stockholder at his address as it appears in the records of the corporation. Such notice shall be given by the Secretary, or in case of the death, absence, incapacity or refusal of the Secretary, by any other officer or by a person designated either by the Secretary, by the person or persons calling the meeting or by the Board of Directors. Whenever notice of a meeting is required to be given a stockholder under any provision of law, of the Articles of Organization, or of these By-Laws, a written waiver thereof, executed before or after the meeting by such stockholder or his attorney thereunto authorized, and filed with the records of the meeting, shall be deemed equivalent to such notice.

Section 5. Quorum.

At any meeting of the stockholders, a quorum shall consist of a majority in interest of all stock issued and outstanding and entitled to vote at the meeting; except that if two or more classes or series, then in the case of each such classes or series a quorum for that matter shall consist of a majority in interest of all stock of that class or series issued and outstanding; and except when a larger quorum is required by law, by the Articles of Organization or by these By-Laws. Stock owned directly or indirectly by the corporation, if any, shall not be deemed outstanding for this purpose. Any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice, providing that a quorum is present at said adjourned time.

Section 6. Action by Vote.

When a quorum is present at any meeting, a plurality of the votes properly cast for election to any office shall elect to such office, and a majority of the vote properly cast upon any

question other than an election to an office shall decide the question, except when a larger vote is required by law, by the Articles of Organization or by these By-Laws. No ballot shall be required for any election unless requested by a stockholder present or represented at the meeting and entitled to vote in the election.

Section 7. Voting.

Stockholders entitled to vote shall have one vote for each share of stock entitled to vote held by them or recorded according to the records of the corporation and a proportionate vote for a fractional share, unless otherwise provided by the Articles of Organization. The corporation shall not, directly or indirectly, vote any share of its own stock.

Section 8. Action by Consent.

Any action required or permitted to be taken at any meeting of the stockholders may be taken without a meeting if all stockholders entitled to vote on the matter consent to the action in writing and the written consents are filed with the records of the meetings of stockholders. Such consents shall be treated for all purposes as a vote at a meeting.

Section 9. Proxies.

Stockholders entitled to vote may vote either in person or by proxy in writing dated not more than six months before the meeting named therein, which proxies shall be filed with the Secretary or the person responsible to record the proceedings of the meeting before being voted. Unless otherwise specifically limited by their terms, such proxies shall entitle the holders thereof to vote at any adjournment of such meeting but shall not be valid after the final adjournment of such meeting. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by any one of them unless at or prior to exercise of the proxy the corporation receives a specific written notice to the contrary from any one of them. A proxy purporting to be

executed by or on behalf of a stockholder shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger.

ARTICLE IV

Directors

Section 1. Powers.

The business of the corporation shall be managed by a Board of Directors who shall have and may exercise all the powers of the corporation except as otherwise reserved to the stockholders by law, by the Articles of Organization or by these By-Laws. In the event of a vacancy in the Board of Directors, the remaining Directors, except as otherwise provided by law, may exercise the powers of the full Board until the vacancy is filled.

Section 2. Enumeration, Election and Term of Office.

The Board of Directors shall consist of not less than one Director, until such time as the stockholders agree unanimously, or until the death or disability of a Director. The number of the Directors shall be as determined from time to time by the stockholders and may be enlarged by vote of a majority of the Directors then in office. The Directors shall be chosen at the annual meeting of the stockholders by such stockholders as have the right to vote thereon, and each shall hold office until the next annual election of Directors and until his successor is chosen and qualified or until he sooner dies, resigns, is removed or becomes disqualified. No Director need be a stockholder.

Section 3. Regular Meetings.

Regular meetings of the Board of Directors may be held at such times and places within or without the Commonwealth of Massachusetts as the Board of Directors may fix from time to time and, when so fixed, no notice thereof need be given, provided that any Director who is

absent when such times and places are fixed shall be given notice of the fixing of such times and places. The first meeting of the Board of Directors following the annual meeting of the stockholders may be held without notice immediately after and at the same place as the annual meeting of the stockholders or the special meeting held in lieu thereof. If in any year a meeting of the Board of Directors is not held at such time and place, any action to be taken may be taken at any later meeting of the Board of Directors with the same force and effect as if held or transacted at such meeting.

Section 4. Special Meetings.

Special meetings of the Directors may be held at any time and at any place designated in the call of the meeting, when called by the President or the Treasurer or by two or more Directors, reasonable notice thereof being given to each director by the Secretary or an Assistant Secretary, or, if there be none by the Secretary or an Assistant Secretary, by the officer or one of the Directors calling the meeting.

Section 5. Notice.

It shall be reasonable and sufficient notice to a Director to send notice by mail at least forty-eight hours or by telegram at least twenty-four hours before the meeting addressed to him at his usual or last known business or residence address or to give notice to him in person or by telephone at least twenty-four hours before the meeting. Notice of a meeting need not be given to any Director if a written waiver of notice, executed by him before or after the meeting, is filed with the records of the meeting, or to any Director who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him. Neither notice of a meeting nor a waiver of a notice need specify the purposes of the meeting.

Section 6. Quorum.

At any meeting of the Directors, a quorum for any election or for the consideration of any question shall consist of all of the Directors then in office. Whether or not a quorum is present any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, and the meeting may be held as adjourned without further notice. When a quorum is present at any meeting, the votes of a majority of the Directors present shall be requisite and sufficient for election to any office and shall decide any question brought before such meeting, except in any case where a larger vote is required by law, by the Articles of Organization or by these By-Laws.

Section 7. Action by Consent.

Any action required or permitted to be taken at any meeting of the Directors may be taken without a meeting if all the Directors consent to the action in writing and the written consents are filed with the records of the meetings of the Directors. Such consent shall be treated for all purposes as a vote of the Directors at a meeting.

Section 8. Committees.

The Board of Directors, by vote of a majority of the Directors then in office, may elect from its number an Executive Committee or other committees and may delegate thereto some or all of its powers except those which by law, by the Articles of Organization, or by these By-Laws may not be delegated. Except as the Board of Directors may otherwise determine, any such committee may make rules for the conduct of its business, but unless otherwise provided by the Board of Directors or in such rules, its business shall be conducted so far as possible in the same manner as is provided by these By-Laws for the Board of Directors. All members of such committees shall hold such offices at the pleasure of the Board of Directors. The Board of

Directors may abolish any such committee at any time. Any committee to which the Board of Directors delegates any of its powers or duties shall keep records of its meetings and shall upon request report its action to the Board of Directors. The Board of Directors shall have power to rescind any action of any committee, but no such rescission shall have retroactive effect.

ARTICLE V

Officers and Agents

Section 1. Enumeration; Qualification.

The officers of the corporation shall be a President, Treasurer, a Secretary, and such other officers, if any, as the incorporators at the initial meeting, or the Directors from time to time, may in their discretion elect or appoint. The corporation may also have such agents, if any, as the incorporators at their initial meeting, or the Directors from time to time, may in their discretion appoint. Any officer may be, but none need be a Director or stockholder. The Secretary shall be a resident of Massachusetts unless the corporation has a resident agent appointed for the purpose of service of process. Any two or more offices may be held by the same person. Any officer may be required by the Directors to give bond for the faithful performance of his duties to the corporation in such amounts and with such sureties as the Directors may determine. The premiums for such bonds may be paid by the corporation.

Section 2. Powers.

Subject to law, to the Articles of Organization and to the other provisions of these By-Laws, each officer shall have, in addition to the duties and powers herein set forth, such duties and powers as the Directors may from time to time designate.

Section 3. Election.

The President, the Treasurer and the Secretary shall be elected annually by the Directors at their first meeting following the annual meeting of the stockholders. Other officers, if any, may be elected or appointed by the Board of Directors at said meeting or at any other time.

Section 4. Tenure.

Except as otherwise provided by law or by the Articles of Organization or by these By-Laws, the President, the Treasurer and the Secretary shall hold office until the first meeting of the Directors following the next annual meeting of the stockholders and until their respective successors are chosen and qualified, and each other officer shall hold office until the first meeting of the Directors following the next annual meeting of the stockholders and until their respective successors are chosen and qualified, unless a different period shall have been specified by the terms of his election or appointment, or in each case until he sooner dies, resigns, is removed or becomes disqualified. Each agent shall retain his authority at the pleasure of the Directors.

Section 5. President and Vice-Presidents.

The President shall be the chief executive officer of the corporation and shall, subject to the direction of the Board of Directors, have general supervision and control of its business. Unless otherwise provided by the Board of Directors, he shall preside, when present, at all meetings of stockholders and of the Board of Directors.

Any Vice-President shall have such powers and shall perform such duties as the Board of Directors may from time to time designate.

Section 6. Treasurer and Assistant Treasurer.

The Treasurer shall, subject to the direction of the Board of Directors, have general charge of the financial affairs of the corporation and shall cause to be kept accurate books of account. He shall have custody of all funds, securities, and valuable documents of the corporation, except as the Board of Directors may otherwise provide.

Any Assistant Treasurer shall have such powers and perform such duties as the Board of Directors may from time to time designate.

Section 7. Secretary and Assistant Secretaries.

The Secretary shall keep a record of the meetings of stockholders and directors. In the absence of the Secretary from any meeting of stockholders or directors, an Assistant Secretary designated by the person presiding at the meeting, shall perform the duties of the Secretary.

ARTICLE VI

Resignations, Removals and Vacancies

Section 1. Resignations.

Any Director or officer may resign at any time by delivering his resignation in writing to the President or the Secretary or to a meeting of the Directors. Such resignation shall take effect at such time as is specified therein, or if no such time is so specified, then upon delivery thereof.

Section 2. Removals.

Directors, including Directors elected by the Directors to fill vacancies in the Board, may be removed with or without assignment of cause by unanimous vote of the holders of the shares entitled to vote in the election of Directors, provided that the Directors of a class elected by a particular class of stockholders may be removed only by the vote of the holders of a majority of

the shares of the particular class of stockholders entitled to vote for the election of such Directors.

The Directors may by vote of a majority of the Directors then in office remove any Director for cause.

The Director may remove any officer from office with or without assignment of cause by vote of a majority of the Directors then in office.

If cause is assigned for removal of any Director or officer such Director or officer may be removed only after a reasonable notice and opportunity to be heard before the body proposed to remove him.

The Directors may by unanimous vote terminate or modify the authority of any agent or employee.

Except as the Directors may otherwise determine, no Director or officer who resigns or is removed shall have any right to any compensation as such Director or officer for any period following his resignation or removal, or any right to damages on account of such removal whether his compensation be by the month or by the year or otherwise, provided, however, that the foregoing provisions shall not prevent such Director or officer from obtaining damages for breach of any contract of employment legally binding upon the corporation.

Section 3. Vacancies.

Any vacancy in the Board of Directors, including a vacancy resulting from an enlargement of the Board, may be filled by vote of a majority of the Directors then in office or, in the absence of such election by the Directors, by the stockholders at a meeting called for the purpose; provided, however, that any vacancy resulting from action by the stockholder may be filled by the stockholder at the same meeting at which such action was taken by them.

If the office of any officer becomes vacant, the Directors may elect or appoint a successor by unanimous vote.

Each such successor shall hold office for the unexpired term of his predecessor and until his successor shall be elected or appointed and qualified, or until he sooner dies, resigns, is removed or becomes disqualified.

ARTICLE VII

Indemnification of Directors and Others

The corporation shall, to the extent legally permissible, indemnify any person serving or who has served as a Director or officer of the corporation, or at its request as a Director, Trustee, Officer, Employee or other Agent of any organization in which the corporation owns shares or of which it is a creditor against all liabilities and expenses, including amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and counsel fees, reasonably incurred by him in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, in which he may be involved or with which he may be threatened, while serving or thereafter, by reason of his being or having been such a Director, Officer, Trustee, Employee or Agent, except with respect to any matter as to which he shall have been adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his action was in the best interests of the corporation; provided, however, that as to any matter disposed of by a compromise payment by such Director, Officer, Trustee, Employee or Agent, pursuant to a consent decree or otherwise, no indemnification either for said payment or for any other expenses shall be provided unless:

- (a) Such compromise shall be approved as in the best interests of the corporation, after notice that it involves such indemnification:
 - (i) by a disinterested majority of the Directors then in office; or

- (ii) by the holders of a majority of the outstanding stock at the time entitled to vote for Directors, voting as a single class, exclusive of any stock owned by any interested Director or officer; or
- (b) In the absence of action by disinterested directors or stockholders, there has been obtained at the request of a majority of the Directors then in office an opinion in writing of independent legal counsel to the effect that such Director or officer appears to have acted in good faith in the reasonable belief that his action was in the best interests of the corporation.

Expenses including counsel fees, reasonably incurred by any such Director, Officer, Trustee, Employee or Agent in connection with the defense or disposition of any such action, suit or other proceeding may be paid from time to time by the corporation in advance of the final disposition thereof upon receipt of an undertaking by such individual to repay the amounts so paid to the corporation if it is ultimately determined that indemnification for such expenses is not authorized under this section. The right of indemnification hereby provided shall not be exclusive of or affect any other rights to which any such Director, Officer, Trustee, Employee or Agent may be entitled. Nothing contained in this Article shall affect any rights to indemnification to which corporate personnel other than such Directors, Officers, Trustees, Employees or Agents may be entitled by contract or otherwise under law. As used in this Article, the terms "Director", "Officer", "Trustee", "Employee" and "Agent" include their respective heirs, executors and administrators, and an "interested" Director, Officer, Trustee, Employee or Agent is one against whom in such capacity the proceedings in question or other proceedings on the same or similar grounds is then pending.

ARTICLE VIII

Stock

Section 1. Stock Authorized.

The total number of shares and the par value, if any, of each class of stock which the corporation is authorized to issue, and if more than one class is authorized, a description of each class with the preferences, voting powers, qualifications and special and relative rights and privileges as to each class and any series thereof, shall be as stated in the Articles of Organization.

Section 2. Issue of Authorized Unissued Capital Stock.

Any unissued capital stock from time to time authorized under the Articles of Organization may be issued by vote of the Directors. No such stock shall be issued unless the cash, so far as due, or the property, services or expenses for which it was authorized to be issued, has been actually received or incurred by, or conveyed or rendered to, the corporation, or is in its possession as surplus.

Section 3. Certificates of Stock.

Each stockholder shall be entitled to a certificate in form selected by the Board of Directors stating the number and the class and the designation of the series, if any, of the shares held by him. Such signatures may be facsimiles if the certificate is signed by a transfer agent, or by a registrar, other than a Director, officer or employee of the corporation.

Every certificate for shares of stock subject to any restriction or transfer pursuant to the Articles of Organization, these By-Laws, or any agreement to which the corporation is a party shall have the restriction noted conspicuously on the certificate and shall also set forth on the face or back either the full text of the restriction or a statement of the existence of such restriction

and a statement that the corporation will furnish a copy to the holder of such certificate upon written request and without charge. Every certificate issued when the corporation is authorized to issue more than one class or series of stock shall set forth on its face or back either the full text or the preferences, voting powers, qualifications and rights, and a statement that the corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge.

Section 4. Transfers.

Subject to the restrictions, if any, imposed by the Articles of Organization, these By-Laws or any agreement to which the corporation is a party, shares of stock shall be transferred on the books of the corporation only by the surrender to the corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment of such shares or by a written power of attorney to sell, assign, or transfer such shares, properly executed, with necessary transfer stamps affixed, and with such proof that the endorsement, assignment or power of attorney is genuine and effective as the corporation or its transfer agent may reasonably require. Except as may be otherwise required by law, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the corporation in accordance with the requirements of these By-Laws. It shall be the duty of each stockholder to notify the corporation of his post office address.

Section 5. Lost, Mutilated, or Destroyed Certificates.

Except as otherwise provided by law, the Board of Directors may determine the conditions upon which a new certificate of stock may be issued in place of any certificate alleged to have been lost, mutilated or destroyed. It may, in its discretion, require the owner of a lost, mutilated or destroyed certificate, or his legal representative, to give a bond, sufficient in its opinion, with or without surety, to indemnify the corporation against any loss or claim which may arise by reason of the issue of a certificate in place of such lost, mutilated or destroyed stock certificate.

Section 6. Transfer Agent and Registrar.

The Board of Directors may appoint a transfer agent or a registrar or both for its capital stock or any class or series thereof and require all certificates for such stock to bear the signature or facsimile thereof of any such transfer agent or registrar.

Section 7. Setting Record Date and Closing Transfer Records.

The Board of Directors may fix in advance a time not more than sixty days before (i) the date of any meeting of the stockholders or (ii) the date for the payment of any dividend or the making of any distribution to stockholders or (iii) the last day on which the consent or dissent of stockholders may be effectively expressed for any purpose, as the record date for determining the stockholders having the right to notice and to vote at such meeting, or the right to receive such dividend or distribution, or the right to give such consent or dissent. If a record date is set, only stockholders of record on the date shall have such right notwithstanding any transfer of stock on the records of the corporation after the record date. Without fixing such record date, the Board of Directors may close the transfer records of the corporation for all or any part of such sixty day period.

If no record date is fixed and the transfer books are not closed, then the record date for determining stockholders having the right to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, and the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors acts with respect thereto.

ARTICLE IX

Miscellaneous Provisions

Section 1. Execution of Papers.

All deeds, leases, transfers, contracts, bonds, notes, releases, checks, drafts and other obligations authorized to be executed on behalf of the corporation shall be signed by the President or the Treasurer except as the Directors may generally or in particular cases otherwise determine.

Section 2. Voting of Securities.

Except as the Directors may generally or in particular cases otherwise specify, the President or the Treasurer may on behalf of the corporation vote or take any other action with respect to shares of stock or beneficial interest of any other corporation, or of any association, trust or firm, of which any securities are held by this corporation, and may appoint any person or persons to act as proxy or attorney-in-fact for the corporation, with or without power of substitution, at any meeting thereof.

Section 3. Corporate Seal.

The seal of the corporation shall be a circular die with the name of the corporation, the word "Massachusetts" and the year of its incorporation cut or engraved thereon, or shall be in such other form as the Board of Directors may from time to time determine.

Section 4. Corporate Records.

The original, or attested copies, of the Articles of Organization, By-Laws and records of all meetings of the Incorporators and stockholders, and the stock and transfer records, which shall contain the names of all stockholders and the record address and the amount of stock held by each, shall be kept in Massachusetts at the principal office of the corporation, or at an office of its transfer agent or of its Secretary or of its Resident Agent. Said copies and records need not all be kept in the same office. They shall be available at all reasonable times to the inspection of any stockholder for any proper purpose but not to secure a list of stockholders for the purpose of selling said list or copies thereto or of using the same for a purpose other than in the interest of the applicant, as a stockholder, relative to the affairs of the corporation.

Section 5. Evidence of Authority.

A certificate by the Secretary or Assistant Secretary as to any matter relative to the Articles of Organization, By-Laws, records, Board of Directors, or any committee of the Board of Directors, or stock and transfer records or as to any action taken by any person or persons as an officer or agent of the corporation, shall as to all persons who rely thereon in good faith be conclusive evidence of the matters so certified.

ARTICLE X

Amendments

These By-Laws may be amended or repealed in whole or in part by the unanimous vote of the holders of the shares of each class of the capital stock at the time outstanding and entitled to vote at any annual or special meeting of stockholders, provided that notice of the substance of the proposed amendment is stated in the notice of such meeting. If authorized by the Articles of Organization, the Directors by unanimous vote may make, amend or repeal the By-Laws, in

whole or in part, except with respect to any provision thereof which by law, the Articles of Organization or the By-Laws requires action by the stockholders. Not later than the time of giving notice of the meeting of stockholders next following the making, amending or repealing by the Directors of any By-Law, notice thereof stating the substance of such change shall be given to all stockholders entitled to vote on amending the By-Laws. No change in the date fixed in these By-Laws for the annual meeting of stockholders may be made within sixty days before the date fixed in these By-Laws, and in case of any change in such date, notice thereof shall be given to each stockholder in person or by letter mailed to his last known post office address at least twenty days before the new date fixed for such meeting.

Any By-Law adopted, amended or repealed by the Directors may be repealed, amended or reinstated by the stockholders entitled to vote on amending the By-Laws.

ARTICLE XI

Repayment Arrangement

Any payment paid to an officer of the corporation such as a salary, commission, bonus, interest, or rent, for entertainment expense incurred by him, which shall be disallowed in whole or in part as a deductible expense by the Internal Revenue Service, shall be reimbursed by such officer to the corporation to the full extent of such disallowance. It shall be the duty of the Directors, as a Board, to enforce payment of each such amount disallowed. In lieu of payment by the officer, subject to the determination of the Directors, proportionate amounts may be withheld from his or her future compensation payments, until the amount owed to the corporation has been recovered.



CERTIFICATE OF GOOD STANDING AND/OR TAX COMPLIANCE



LISA ROBINSON
JIMBUDDY'S REC SHOP INC
1269 MEMORIAL DR
CHICOPEE MA 01020-3974

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Why did I receive this notice?

The Commissioner of Revenue certifies that, as of the date of this certificate, JIMBUDDY'S REC SHOP INC is in compliance with its tax obligations under Chapter 62C of the Massachusetts General Laws.

This certificate doesn't certify that the taxpayer is compliant in taxes such as unemployment insurance administered by agencies other than the Department of Revenue, or taxes under any other provisions of law.

This is not a waiver of lien issued under Chapter 62C, section 52 of the Massachusetts General Laws.

What if I have questions?

If you have questions, call us at (617) 887-6400 or toll-free in Massachusetts at (800) 392-6089, Monday through Friday, 8:30 a.m. to 4:30 p.m..

Visit us online!

Visit mass.gov/dor to learn more about Massachusetts tax laws and DOR policies and procedures, including your Taxpayer Bill of Rights, and MassTaxConnect for easy access to your account:

- Review or update your account
- Contact us using e-message
- Sign up for e-billing to save paper
- Make payments or set up autopay

Edward W. Coyle, Jr., Chief
Collections Bureau

BUSINESS PLAN



James Robinson, Owner

Created on August 1, 2018

1. EXECUTIVE SUMMARY

1.1 Product

JimBuddy's Rec Shop will dispense cannabis and cannabis infused products to adult customers that are at least 21 years old with valid government issued identification. Customer service and education are our top priorities. We are committed to providing a wide variety of the highest quality product available, sourced from State licensed cultivators and manufacturers. Private customer consultations are available upon request. Pricing will be clearly posted. Educational material regarding safety, responsible consumption, abuse, and diversion to minors will be provided to each guest.

1.2 Customers

Cannabis and the cannabis culture has been, for the past many years, in the midst of a major brand overhaul. The frequency and prevalence of it as seen throughout the media is growing exponentially every day. The U.S. Cannabis Industry is forecasted to jump from \$24 Billion to \$44 Billion annually into the country's economy by 2020.

Our target customers will be consumers 21-85 years old, with the average of 37 years old. The average customer spends \$33 per trip to the dispensary. Our customers, ranging from athletes to the elderly, will use cannabis to target relief from pain, as an opioid alternative, and for enjoyment purposes. We will target customers that do not grow their own product, are looking for lab tested products, variety, education and information. Customers will range from first time consumers to connoisseurs.

1.3 What Drives Us

Our goal as a dispensary is to deliver superior customer service, while educating customers. We will continue to introduce new innovative delivery mediums to our

customers as this industry continues to rapidly evolve. The retail shop will have a design aesthetic that appeals to customers. We will create full and part-time jobs and opportunities. Donations will be made to local charities. Our team will attend trade shows and seminars to learn about the newest products available to the market. All employees will receive on-going training.

2. COMPANY DESCRIPTION

2.1 Mission Statement

JimBuddy's aims to achieve strong bonds with the local community and organizations in an effort to form a long lasting relationship as a reputable, respectable and contributing business to the citizens of Chicopee and surrounding areas. Our knowledgeable passionate staff will be prepared to offer each client the time and assistance needed when making a purchase, so they are educated on how to consume safely and responsibly, the benefits of the products they are purchasing, as well as the side effects. We hope to help remove the negative stigma around cannabis by highlighting the many beneficial uses and presenting it in a professional atmosphere.

2.2 Principal Members

James Robinson - President

Lisa Robinson - Director of Operations

2.3 Legal Structure

JimBuddy's Rec. Shop is an S Corporation, incorporated in Chicopee, Massachusetts. The EIN is 83-0904086.

3. MARKET RESEARCH

3.1 Industry

Currently, recreational sales are legal in Alaska, California, Colorado, Massachusetts, Nevada, Oregon and Washington State. In 2017, the legal marijuana industry hit \$10 billion in nationwide sales. By 2021, analysts predict it will hit \$24.5 billion. The cannabis industry employs between 125,000 to 160,000 full-time workers. It's expected to add another 340,000 full time jobs by 2022, reflecting an estimated growth of 21 percent per year. Conservative estimates show more than \$1 billion dollars in wholesale, excise, and cannabis-specific sales taxes were taken into state treasuries during 2016. That number is forecast to grow to nearly \$2.8 billion by 2021. With additional state and local general sales taxes, that 2021 figure could be between \$4 billion and \$4.7 billion. The total economic output from legal cannabis will grow 150% from \$16 billion in 2017 to \$40 billion by 2021.

3.2 Customers

Most of our customers will live in the surrounding areas. Customers will range between 21-85 years old. The average customer will spend \$700 per year on cannabis. Research shows that more men purchase cannabis than women.

As the development of products grows and consumers become more educated, cannabis brands will pursue consumers interested in specific effects, rather than just celebrating cannabis in general.

There are many different types of consumers. Customers will be looking for pain relief, injury recovery, or as an opioid alternative. Some customers will want cannabis to help them with creativity or for personal enjoyment. In addition, there will be cannabis enthusiasts, looking for the highest quality products available.

There will be a surge of new types of customers. These will include Baby Boomers who want alternatives to alcohol and pharmaceutical drugs, and the inexperienced customer looking for low-dose products. Product development is exploding to the

benefit of the consumer.

Cannabis tourism is taking over the cannabis industry. Since Massachusetts legalized recreational cannabis in November 2016, the State has become one of the top marijuana destinations for cannabis enthusiasts and experienced smokers. Internet searches for marijuana information and laws in the state of Massachusetts rose after the election by over 1000%. This is a hugely significant rise, and those in and around the state want to know when they will be able to access high quality marijuana products.

3.3 Competitors

JimBuddy's will be competing with the black market, big businesses and other local operating dispensaries. Education and quality control is the key to encouraging customers to shun the black market. Our vendors will go through a vetting process. We will be able to offer a variety of product from various licensed vendors. Our pricing will be competitive.

JimBuddy's will show a level of transparency. JimBuddy's will give back to the community. We will communicate regularly with our customers to build loyalty. We will only provide lab tested products that were purchased from licensed cultivators or processors.

3.4 Competitive Advantage

JimBuddy's has the following advantages compared to competitors:

- Location - located on State Route 33; near I-90 and I-91; on a bus route
- Employees - passionate, knowledgeable and personable and live locally
- Brand Recognition - great reputation, locally known and respected
- Community - the store is located in the same city that the owner has lived his entire life.

Staff will be thoroughly trained before starting and will receive on-going training. Through education, we can teach customers that a regulated market is assurance of a safe product. We have spent over 3 years building our brand and have an excellent reputation.

In the future, we will be applying for additional licenses. With additional licenses, we will be able to control our retail store inventory in regards to both quality and variety.

3.5 Regulations

Regulations set forth by the Cannabis Control Commission (CCC) 935 CMR 500.000.

All general requirements as required under 935 CMR 500.105, which include but are not limited to:

- Written operating procedures - 935 CMR 500.105 (1)
- Marijuana Establishment Agent Training - 935 CMR 500.105 (2)
- Requirements for the Handling of Marijuana - 935 CMR 500.105 (3)
- Marketing and Advertising Requirements - 935 CMR 500.105 (4)
- Labeling of Marijuana and Marijuana Products - 935 CMR 500.105 (5)
- Packaging of Marijuana and Marijuana Products - 935 CMR 500.105 (6)
- Packaging and Labeling Pre-Approval - 935 CMR 500.105 (7)
- Inventory - 935 CMR 500.105 (8)
- Record Keeping - 935 CMR 500.105 (9)
- Liability Insurance Coverage or Maintenance of Escrow - 935 CMR 500.105 (10)
- Storage Requirements - 935 CMR 500.105 (11)
- Waste Disposal - 935 CMR 500.105 (12)
- Access to the Commission, Emergency Responders and Law Enforcement - 935 CMR 500.105 (14)

Security Requirements for Marijuana Establishments set forth under 935 CMR 500.110

- General Requirements - 935 CMR 500.110 (1)(a) - 935 CMR 500.110 (1) (o)
- Alternate Security Provisions - 935 CMR 500.110 (2)
- Buffer Zone - 935 CMR 500.110 (3)
- Limited Access Areas - 935 CMR 500.110 (4)
- Security and Alarm Requirements for Marijuana Establishments Operating Enclosed Areas - 935 CMR 500.110 (5)
- Incident Reporting - 935 CMR 500.110 (7)
- Security Audits - 935 CMR 500.110 (8)

Additional Operational Requirements for Retail Sale as set forth under 935 CMR 500.140

- On-premises Verification of Identification for Adult Use Only Locations - 935 CMR 500.140 (2)
- Limitation on Sales - 935 CMR 500.140 (4)
- Unauthorized Sales and Right to Refuse Sales - 935 CMR 500.140 (5)
- Recording Sales - 935 CMR 500.140 (6)
- Consumer Education - 935 CMR 500.140 (8)
- Testing - 935 CMR 500.140 (9)
- Patient Supply - 935 CMR 500.140 (10)

Municipal Requirements set forth under 935 CMR 500.170 (1) & (2)

The City of Chicopee's regulations as set forth under the City of Chicopee Charter, Chapter 275, Section 72, Adult Use of Marijuana (Recreational).

4. PRODUCT/SERVICE LINE

4.1 Product or Service

Cannabis and cannabis infused products will be purchased from Massachusetts licensed cultivators and manufacturers. Products will be packaged and labeled as set forth under 935 CMR 500.105 (5) & (6). Concentrates, topicals and edibles will be prepackaged upon delivery and sold in that original packaging.

Types of cannabis products

- Flower
- Concentrates
- Topicals
- Edibles
- Vapable Cartridges
- Transdermal Patches
- Vape inhalers
- THC Infused Elixirs

In accordance with M.G.L. c. 94G §7, a Cannabis Retailer may not sell more than one ounce of cannabis or five grams of cannabis concentrate to a consumer per transaction.

Daily handouts, digital menu boards, newsletters and our website will inform customers which strains and products are available, in real time. Directions and warnings will be explained to the customer upon purchase, as well as education regarding safety and diversion to minors. Private consultations are available upon request.

4.2 Pricing Structure

The mark-up for the products will vary. Pre-packaged edibles and topicals will be marked up 100%. Extracts will be priced between an 80-100% mark-up. Due the

varety of options, the mark-up will range from 80-300%. The factors that help determine the pricing will be the strain and potency of the product. we will constantly monitor our competition to ensure we remain competitive.

4.3 Product/Service Life Cycle

We are currently in the process of obtaining a license to open a retail marijuana establishment. Upon provisional approval, construction will commence. The intention is to open the establishment in February 2019.

4.4 Intellectual Property Rights

JimBuddy's is in the process of being trademarked. James Robinson, CEO, is also the owner of JimBuddy's Vape Shop located at 1271 Memorial Drive, Chicopee, Massachusetts.

4.5 Research & Development

The company is planning to conduct the following research and development:

- Review available market research to identify trends and pricing
- Vendors will go through a vetting process to make sure their products are up to our quality standards.
- Determine the need for additional products within our market related to trying improved processes to opportunities for increased sales and promotion to potential customers.
- Travel to industry trade shows.

5. MARKETING & SALES

5.1 Growth Strategy

Revenue received from the business will be reinvested back into the business. We will strive to have the largest selection and variety available. As we grow, additional full and part-time employees will be hired. We have creative ideas for greater employee retention.

JimBuddy's will continue to focus on cannabis events both locally and nationwide, as well as various major market media, that includes industry magazines, events, forums, trade shows and conferences. It is our goal to create a platinum standard of dispensaries, and to also launch products that will help reinforce our branding efforts.

In the future, we will be applying for additional licenses.

5.2 Communication

Communication is key to success. Marketing materials for JimBuddy's Rec Shop will include and expand on the following items:

- Tri fold brochure / menu - collateral material
- Business referral program brochure and link from main web page
- Social Media (Facebook, Twitter, Instagram)
- LinkedIn Account
- Email blast to our customer base
- A customer appreciate program and frequent buyer offers

Web Plan - Our future website will have the dual goal of encouraging visitors to sign up for the JimBuddy's newsletter and to visit the retail establishment. A menu with images and descriptions of all items will be included.

The website's main pages will include:

- Menu, including monthly specials, new strains and any other new products.
- A drop-down location map of the retail establishment with driving and public transportation routes, along with our hours of operation.
- Contact information (includes area for questions and comments), and links to our social media pages.
- Job opportunity page showing the open positions at the establishment.
- Links to newsletters with articles about the Cannabis Industry.

Customers will be encouraged to sign up for the JimBuddy's monthly newsletter.

The newsletter will include tips, special offers, and introduction to our new products. Our goal is to have customers receive enough promotions and understanding to how serious our operation is about the safety and natural wholesomeness of cannabis and cannabis infused products.

Pricing - We will constantly monitor our competition to ensure we remain competitive.

Customer Retention - JimBuddy's Rec Shop will focus on customer service at the highest level, which we believe will reward us with continued customer retention and word of mouth referrals. In the future, we would like to offer weekly seminars on different aspects of cannabis use, cooking classes, and other educational opportunities to ensure our customers receive cutting edge information.

5.3 Prospects

There are many different way we will promote our establishment.

1. Agents will receive thorough training before assisting customers, and receive on-going training.
2. All employees will be trained on and will follow the company's SOPs.
3. The establishment will be kept clean and well lit.
4. Designed to be aesthetically pleasing to consumers.
5. Pricing will be competitive to other cannabis retail establishments.
6. Offer a large variety of products, in all price ranges.
7. A loyalty program will be implemented.
8. Monthly newsletter.

9. Attend trade shows.
10. Social Media will be utilized.

6.5 FINANCIAL ASSUMPTIONS

6.5.1 Assumptions for Profit and Loss Projections

Once a provisional license is obtained, the first three months will be part of the construction phase. We project the store to open in February 2019. Our biggest expenses within our start-up costs are a security system as required by the state, construction, design, pharmaceutical grade safes and legal fees. Inventory will not be purchased until a few days prior to the store opening.

6.5.2 Assumptions for Cash Flow Analysis

This industry is rapidly growing. The product is in high demand. 100% of the sales are collected at the time of purchase. Payables are due within 30 days of purchase. Revenue will be put back into the business. Inventory will be replenished every 3-4 days. We will only keep enough inventory on hand for a three day supply.

6.5.3 Assumptions for Balance Sheet

The balance sheet shows healthy growth of net worth, and strong financial position. This industry will continue to grow rapidly.

6.5.4 Assumptions for Break Even Analysis

We do not expect to break even until 1 1/2 years into the business operation. The break-even assumes variable costs of 25 percent of revenue.

FINANCIAL PROJECTIONS

PROFIT & LOSS

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	\$756,000	\$1,848,000	\$3,250,000	\$3,900,000	\$4,475,000
Costs/Goods Sold	\$376,800	\$694,400	\$1,061,000	\$1,500,000	\$1,875,000
GROSS PROFIT	\$379,200	\$1,153,600	\$2,189,000	\$2,400,000	\$2,600,000

OPERATING EXPENSES

Salary (Office & Overhead)	\$40,000	\$60,000	\$80,000	\$100,000	\$120,000
Payroll (taxes, etc.)	\$108,500	\$331,000	\$382,000	\$390,000	\$397,000
Outside Services (Security, Contractors, etc)	\$27,000	\$36,000	\$36,000	\$36,000	\$36,000
Supplies (office & operation)	\$29,000	\$15,000	\$15,000	\$20,000	\$22,000
Repairs & Maintenance	\$2,300	\$1,800	\$1,800	\$2,000	\$1,000
Advertising	\$200	\$500	\$500	\$500	\$500
Car, delivery & travel	\$500	\$500	\$500	\$500	\$500
Accounting & Legal	\$11,300	\$8,000	\$8,000	\$10,000	\$10,000
Rent	\$10,800	\$21,600	\$21,600	\$21,600	\$21,600
Telephone	\$750	\$500	\$500	\$1,000	\$1,000
Utilities	\$2,050	\$4,020	\$4,020	\$6,040	\$6,040
Insurance	\$5,000	\$15,000	\$20,000	\$25,000	\$30,000
Taxes (real estate, etc)	\$82,000	\$198,000	\$349,375	\$419,250	\$481,062
Interest	\$250	\$250	\$250	\$0	\$0
Other Expenses (Local Sales Tax and Revenue Sharing)	\$126,630	\$309,540	\$544,375	\$628,125	\$711,875
TOTAL EXPENSES	\$446,280	\$1,001,710	\$1,463,920	\$1,660,015	\$1,838,577

NET PROFIT (before taxes)

Income Taxes	\$5,000	\$32,000	\$150,000	\$155,000	\$160,000
NET PROFIT (after tax)	-\$72,080	\$119,890	\$575,080	\$584,985	\$601,423

ADJUSTED TO BE RETAINED

	-\$72,080	\$119,890	\$575,080	\$584,985	\$601,423
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CASH FLOW (06/01/2018 to 06/01/2023)

	Pre Startup EST	Year 1	Year 2	Year 3	Year 4	Year 5
Cash on hand	\$205,000	\$283,205	\$447,120	\$575,080	\$584,985	\$601,423
CASH RECEIPTS						
Cash Sales		\$756,000	\$1,848,000	\$3,250,000	\$3,900,000	\$4,475,000
Collections from CR Accounts					\$0	\$0
Loan/Cash Injection	\$200,000				\$0	\$0
TOTAL CASH RECEIPTS	\$200,000	\$756,000	\$1,848,000	\$3,250,000	\$3,900,000	\$4,475,000
TOTAL CASH AVAILABLE (before cash out)	\$405,000	\$1,039,205	\$2,295,120	\$3,825,080	\$4,484,985	\$5,076,423
CASH PAID OUT						
Purchases	\$50,000	\$226,800	\$554,400	\$756,000	\$1,500,000	\$1,875,000
Gross Wages		\$248,500	\$531,000	\$767,000	\$490,000	\$517,000
Outside Services (Security, Contractors, etc)	\$21,000	\$6,000	\$27,000	\$27,000	\$27,000	\$27,000
Supplies	\$9,600	\$3,400	\$18,000	\$18,000	\$20,000	\$22,000
Repairs & Maintenance	\$2,300		\$1,800	\$1,800	\$2,000	\$1,000
Advertising		\$200	\$500	\$500	\$500	\$500
Car, delivery & travel		\$500	\$500	\$500	\$500	\$500
Accounting & Legal	\$6,000	\$5,300	\$8,000	\$8,000	\$10,000	\$10,000
Rent	\$14,400	\$7,200	\$21,600	\$21,600	\$21,600	\$21,600
Telephone		\$250	\$500	\$500	\$1,000	\$1,000
Utilities	\$1,595	\$455	\$4,020	\$4,020	\$6,040	\$6,040
Insurance	\$2,000	\$3,000	\$15,000	\$18,000	\$21,000	\$26,000
Taxes (real estate, etc)		\$82,000	\$198,000	\$349,375	\$419,250	\$481,064
Capital purchase	\$20,000					
Interest		\$250	\$250	\$250	\$500	\$500
Other Expenses (Local Sales Tax and Revenue Sharing)	\$5,300	\$98,330	\$309,540	\$544,375	\$628,125	\$711,875
SUBTOTAL	\$132,195	\$682,185	\$1,690,110	\$2,516,920	\$3,147,515	\$3,701,079
TOTAL CASH PAID OUT	\$132,895	\$592,085	\$1,476,110	\$2,516,920	\$3,147,515	\$3,701,079
CASH POSITION		\$163,915	\$371,890	\$733,080	\$752,485	\$773,921

ASSETS

CURRENT ASSETS		
Cash In Bank	\$280,000	\$773,921
Accounts Receivable		
Inventory	\$200,000	\$2,000,000
Prepaid Expenses		
Deposits		
Other current assets		
TOTAL CURRENT ASSETS	\$480,000	\$2,773,921

FIXED ASSETS		
Machinery & Equipment	\$20,000	\$30,000
Furniture & Fixtures	\$30,000	\$20,000
Leaseholder improvements	\$15,000	\$10,000
Land & buildings		
Other fixed assets		
TOTAL FIXED ASSETS (net of depreciation)	\$65,000	\$60,000
TOTAL ASSETS	\$545,000	\$2,833,921

Liabilities & Equity

CURRENT LIABILITIES		
Accounts Payable	\$237,000	\$674,436
Interest Payable	\$5,000	\$5,000
Taxes Payable	\$228,000	\$995,000
Notes, short term (due in 12 months)		\$450,000
Current part, long-term debt		\$400,000
TOTAL CURRENT LIABILITIES	\$470,000	\$2,524,436

LONG TERM DEBT

Bank loans payable		
Notes payable to stockholders		
LESS: short-term portion		\$5,000
Other long-term debt	\$75,000	\$150,000
TOTAL LONG-TERM DEBT	\$75,000	\$155,000
TOTAL LIABILITIES	\$545,000	\$2,679,436

OWNERS EQUITY

Common stock		
Retained Earnings		\$154,485
TOTAL OWNERS EQUITY	\$0	\$154,485
TOTAL LIABILITIES & EQUITY	\$545,000	\$2,833,921

BREAK EVEN ANALYSIS

DIRECT COSTS	Fixed Cost (\$)	Variable Costs (%)
Cost of Goods Sold	\$100,000	
Inventory	\$200,000	
Raw Materials	\$5,000	
Direct Labor	\$108,500	

INDIRECT COSTS

Salaries	\$140,000
Supplies	\$12,000
Repairs & Maintenance	\$2,300
Advertising	\$200
Car, delivery & Travel	
Rent	\$10,800
Telephone	\$750
Utilities	\$2,050
Insurance	\$5,000
Taxes	\$80,000
Interest	\$250
Other Expenses (Local Sales Tax and Revenue Sharing)	\$126,000
TOTAL DIRECT COSTS	\$413,500
TOTAL INDIRECT COSTS	\$253,350

BREAK EVEN SALES LEVEL

\$666,850

COMMERCIAL LINES POLICY - COMMON POLICY DECLARATIONS

NAUTILUS INSURANCE COMPANY

Scottsdale, Arizona

Transaction Type: New

Policy No. NN1391134

Renewal of Policy # _____
Rewrite of Policy # _____
Cross Ref. Policy # _____
NIC Quote # _____

Inspection Ordered:
[] Yes [X] No

Named Insured and Mailing Address

(No., Street, Town or City, County, State, Zip Code)
JimBuddy's Rec Shop, Inc

1269 Memorial Dr

Chicopee MA 01020

Agent and Mailing Address Agency No. 021000

(No., Street, Town or City, County, State, Zip Code)

BERKLEY CONNECT INSURANCE SERVICES, LLC
14902 N 73rd St

Scottsdale AZ 85260

Policy

NO FLAT CANCELLATION

Period: From 04/20/2022 to 04/20/2023 at 12:01 A.M. Standard Time at your mailing address shown above.

Business Description: dipensary

Tax State MA

Form of Business: Organization Including Corporation

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE WILL PROVIDE YOU THE INSURANCE STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

Table with 2 columns: Description and Premium. Rows include Commercial Property Coverage Part (\$6,515.00), Tax & Fee Schedule, TOTAL ADVANCE PREMIUM (6,515.00), TOTAL TAXES & FEES (0.00), and TOTAL (6,515.00).

Form(s) and Endorsement(s) made a part of this policy at time of issue: Refer to Schedule of Forms and Endorsements.

Countersigned: Scottsdale, AZ 05/09/2022

By [Signature: Pepper J Sleight]
Countersignature or Authorized Representative, whichever is applicable

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART DECLARATIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

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NAUTILUS INSURANCE COMPANY

MA

POLICY NUMBER: NN1391134

ENDORSEMENT # 1

Named Insured: JimBuddy's Rec Shop, Inc

Agency # 021000

BERKLEY CONNECT INSURANCE SERVICES, LLC
14902 N 73rd St
Scottsdale, AZ 85260

Endorsement Effective Date: 04/20/2022

GENERAL CHANGE ENDORSEMENT

Effective inception, named insured correction.

Tax & Fee Schedule

\$

PREMIUM: None AP RP \$ 0.00

TOTAL TAXES & FEES \$ 0.00

TOTAL PREMIUM DUE \$ 0.00

All other terms and conditions remain unchanged.

05/09/2022

Date Issued:

Authorized Representative

S901 (07/13)

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COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

POLICY NUMBER: NN1391134

Supplemental Declarations is attached (Applies only if box is checked) Effective Date: 04/20/2022 12:01 A.M. Standard Time

BUSINESS DESCRIPTION dipensary							
DESCRIPTION OF PREMISES							
PREM NO.	BLDG NO.	LOCATION ADDRESS	CLASS CODE	CONST	PROT CLASS	YEAR BUILT	NO. OF STORIES
1	1	1269 Memorial Dr, Chicopee, MA 01020	0562	JM	3	1979	1
BLDG DESC/OCCUPANCY: Dispensary							
BLDG DESC/OCCUPANCY:							
BLDG DESC/OCCUPANCY:							
COVERAGES PROVIDED (INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN)							
PREM NO.	BLDG NO.	COVERAGE	LIMIT OF INSURANCE	COVERED CAUSES OF LOSS	* COINS %	RATES	PREMIUM
1	1	Tenant Imprvmt Betrmt	200,000	Special	80%	0.621 \$	1,242
1	1	Business Pers Prop	30,000	Special	80%	0.671	201
1	1	Stock	250,000	Special	80%	0.574	1,435
* IF EXTRA EXPENSE COVERAGE, LIMITS ON LOSS PAYMENT							
DEDUCTIBLE \$5,000		Exceptions: \$					
OPTIONAL COVERAGES (APPLICABLE ONLY WHEN ENTRIES ARE MADE IN THE SCHEDULE BELOW)							
		<u>AGREED VALUE</u>			<u>REPLACEMENT COST (APPLIES ONLY IF "X" IS SHOWN BELOW)</u>		
PREM NO.	BLDG NO.	EXPIRATION DATE	COVERAGE	AMOUNT	BUILDING	PERSONAL PROPERTY	INCLUDING "STOCK"
1	1				X	X	X
PREM NO.	BLDG NO.	<u>INFLATION GUARD PERCENTAGE</u>		** MONTHLY LIMIT OF INDEMNITY (Fraction)	** MAXIMUM PERIOD OF INDEMNITY ***	** EXTENDED PERIOD OF INDEMNITY (Days)	
		BUILDING	PERSONAL PROPERTY				
** APPLIES TO BUSINESS INCOME ONLY *** APPLIES ONLY IF "X" IS SHOWN BELOW							
MORTGAGE HOLDER(S)							
PREM NO.	BLDG NO.	MORTGAGE HOLDER NAME AND MAILING ADDRESS					
						LOAN NUMBER:	
						LOAN NUMBER:	
						LOAN NUMBER:	
PREMIUM FOR THIS PAGE						\$	2,878
FORMS AND ENDORSEMENTS (other than applicable Forms and Endorsements shown elsewhere in the policy)							
Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue: APPLICABLE TO ALL COVERAGES:							
Refer to Schedule of Forms and Endorsements							
APPLICABLE TO SPECIFIC PREMISES/COVERAGES:							
PREM NO.	BLDG NO.	COVERAGES			FORM NUMBERS		

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

COMMERCIAL PROPERTY COVERAGE PART SUPPLEMENTAL DECLARATIONS

POLICY NUMBER: NN1391134

Effective Date: 04/20/2022

12:01 A.M. Standard Time

DESCRIPTION OF PREMISES							
PREM NO.	BLDG NO.	LOCATION ADDRESS	CLASS CODE	CONST	PROT CLASS	YEAR BUILT	NO. OF STORIES
		BLDG DESC/OCCUPANCY:					
		BLDG DESC/OCCUPANCY:					
		BLDG DESC/OCCUPANCY:					
		BLDG DESC/OCCUPANCY:					
		BLDG DESC/OCCUPANCY:					
		BLDG DESC/OCCUPANCY:					
COVERAGES PROVIDED (INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN)							
PREM NO.	BLDG NO.	COVERAGE	LIMIT OF INSURANCE	COVERED CAUSES OF LOSS	* COINS %	RATES	PREMIUM
1	1	Bus Inc including EE	500,000	Special	80%	0.597	2,985
		Equipment Breakdown					352
		F404 Deluxe Ext Endt					300
* IF EXTRA EXPENSE COVERAGE, LIMITS ON LOSS PAYMENT							
OPTIONAL COVERAGES (APPLICABLE ONLY WHEN ENTRIES ARE MADE IN THE SCHEDULE BELOW)							
PREM BLDG NO. NO.		EXPIRATION DATE	AGREED VALUE		REPLACEMENT COST (APPLIES ONLY IF "X" IS SHOWN BELOW)		
			COVERAGE	AMOUNT	BUILDING	PERSONAL PROPERTY	INCLUDING "STOCK"
					** MONTHLY LIMIT OF INDEMNITY (Fraction)	** MAXIMUM PERIOD OF INDEMNITY ***	** EXTENDED PERIOD OF INDEMNITY (Days)
			BUILDING	PERSONAL PROPERTY			
** APPLIES TO BUSINESS INCOME ONLY *** APPLIES ONLY IF "X" IS SHOWN BELOW							
MORTGAGE HOLDER(S)							
PREM BLDG NO. NO.		MORTGAGE HOLDER NAME AND MAILING ADDRESS					
		LOAN NUMBER:					
		LOAN NUMBER:					
							PREMIUM FOR THIS COVERAGE PART \$ 6,515

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANNABIS OPERATIONS – LIMITATIONS

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

A. The following is added to A.1.b. Your Business Personal Property:

Your “stock” of “cannabis” if such “stock” is permitted under an applicable state or local statute, regulation or ordinance, in the state where such “stock” is located.

B. The following is added to A.2. Property Not Covered:

1. Growing “cannabis” plants
2. “Cannabis”, except:
 - a. To the extent coverage is provided under **A.** above.
 - b. Goods or products containing or derived from hemp, including, but not limited to seeds, food, clothing, lotions, oils or extracts, building materials, or paper.

C. To the extent coverage is provided under A., paragraph e. of A.2. Property Not Covered does not apply

D. We will determine the value of Covered Property in the event of loss or damage to “cannabis” “stock” at “fair market value”.

E. The following definitions are added:

1. “Cannabis”:
 - a. Means:

Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.
 - b. Paragraph **E.1.a.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:
 - (1) Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or
 - (2) Any compound, byproduct, extract, derivative, mixture or combination, such as:
 - (a) Resin, oil or wax;
 - (b) Hash or hemp; or
 - (c) Infused liquid or edible cannabis;

whether or not derived from any plant or part of any plant set forth in **E.1.b.(1)**.
2. “Fair market value” means:
 - a. The price the “cannabis” “stock” could have been sold for as of the time and place of loss or damage, if no loss or damage occurred;
 - b. The price shown on the receipt paid by you when the “cannabis” “stock” was acquired less discounts and expenses you otherwise would have had; or
 - c. The market price of replaceable “cannabis” of like kind and quality as of the time of loss or damage; whichever is less.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BURGLARY AND ROBBERY – REQUIRED PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

Premises No.	SCHEDULE Building No.	Protective Safeguards Symbols Applicable
1	1	BR-1, BR-2, BR-3, BR-4, BR-5, BR-6, BR-7 and BR-8

Describe any "BR-8": 1, 1- greeter, panic alarm, shatter-proof windows

A. The following is **added** to the Commercial Property Conditions:

Burglary And Robbery Protective Safeguards

As a condition of this insurance, you are required to:

1. Maintain the protective safeguards listed in the Schedule, and over which you have control, in complete working order;
2. Actively engage any automatic burglary alarm or other automatic system listed in the Schedule and maintain it in the "on" position during all non-work hours and whenever the premises are unoccupied;
3. Actively engage an automatic burglary alarm or other automatic system, or parts thereof, in accordance with any other requirements, if any, indicated in the Schedule; and
4. Notify us if you know of any suspension of or impairment in any protective safeguard listed in the Schedule.

However, notification to us of the suspension of or impairment in an automatic burglary alarm or other automatic system listed in the Schedule will not be necessary if you:

- a. Can restore full protection within 48 hours of the suspension or impairment;
- b. Provide at least one watchperson or other means of surveillance at the premises during all non-work hours and whenever the premises are otherwise unoccupied; and
- c. Provide at least one watchperson or other means of surveillance during work hours if the Schedule requires that the premises or part thereof be protected during work hours.

B. The following is **added** to the **Exclusions** section of the Causes Of Loss – Special Form:

Burglary And Robbery Protective Safeguards

We will not pay for loss or damage caused by or resulting from theft if, prior to the theft, you failed to comply with any condition set forth in Paragraph A.

C. The protective safeguards to which this endorsement applies are identified by the following symbols:

1. **"BR-1" Automatic Burglary Alarm**, protecting the entire building, including being connected to all doors and windows, that signals to:
 - a. An outside central station; or
 - b. A police station.
2. **"BR-2" Armed Security Guard**, guarding the interior of the building during work hours.
3. **"BR-3" Unarmed Security Guard**, guarding the interior of the building during work hours.
4. **"BR-4" Interior and Exterior Cameras**, equal to or greater than the requirements specified by state law in respects to the number of cameras, where they are situated, resolution and storage capacity.
5. **"BR-5" Motion Sensor Cameras**, equal to or greater than the requirements specified by state law in respects to the number of cameras, where they are situated, resolution and storage capacity.
6. **"BR-6" Locked Safe, Vault, Metal Shipping Container or Security Cage**, that meets the following requirements (as applicable):
 - a. A Safe must weigh 550 pounds or more. If a safe weighs less than 2,000 pounds it must be bolted to the floor.
 - b. A Vault must:
 - (1) Be fully built within an existing permanent structure.
 - (2) Be completely enclosed with walls and doors built or lined with steel, concrete or other similarly reinforced materials.
 - (3) Not have windows.
 - (4) Have the door connected to a central station burglar alarm and have motion sensors on the interior.
 - c. A Metal Shipping Container must:
 - (1) Not have windows.
 - (2) Weigh 800 pounds or more. If a metal shipping container weighs less than 2,000 pounds it must be bolted to the floor.
 - d. A Security Cage must:
 - (1) Be completely enclosed.
 - (2) Be bolted to the floor.
 - (3) Have all bolts or fasteners welded to the cage.
 - (4) Have at least two locks.
7. **"BR-7" Locked Show Windows and Showcases**, protecting property on display during work hours and non-work hours. Show windows and showcases are made of shatterproof laminated glass or burglary resistive glazing materials such as polycarbonate or acrylic. Taped windows do not meet this requirement.
8. **"BR-8"** The protective safeguard described in the Schedule.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THEFT LIMITATION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

SCHEDULE

Prem. No.	Bldg. No.	Limit Of Insurance For Theft	Percent Of Loss Payable For Theft Of Unsecured "Cannabis" "Stock"	Limit Of Insurance For Theft Of Unsecured "Cannabis" "Stock"
1	1	\$ 250,000	20 %	\$ 50,000
		\$	%	\$
		\$	%	\$
		\$	%	\$
		\$	%	\$
		\$	%	\$

A. The following is **added** to Section **C. Limitations** of the Causes Of Loss – Special Form; and the **Additional Coverages** sections of the Causes Of Loss – Basic Form and Causes Of Loss – Broad Form

1. We will not pay for that portion of the loss or damage caused by, resulting from, or arising out of theft of covered property that exceeds the Limit Of Insurance For Theft shown in the Schedule of this endorsement.

Subject to the Limit of Insurance For Theft, the maximum loss amount payable for "cannabis" "stock" not secured in a locked safe, vault, metal shipping container or security cage during non-work hours is the lesser of the:

- a. Percentage shown in the Schedule multiplied by the total of all loss or damage to unsecured "cannabis" "stock"; or
- b. Limit of Insurance For Theft Of Unsecured Cannabis Stock shown in the Schedule.

2. The Limits Of Insurance shown in the Schedule of this endorsement are part of, not in addition to, the Limits Of Insurance applicable to the Covered Property designated in the Schedule of this endorsement.

3. However, this limitation does not apply to:

- a. Loss or damage that occurs due to looting at the time and place of a riot or civil commotion; or
- b. Building damage caused by the breaking in or exiting of burglars.

4. If loss or damage is caused by, results from, or arises out of any other Covered Cause of Loss, we will pay for that loss or damage.

B. If applicable in the Coverage Form(s) attached to this Coverage Part, the **Coinsurance** Condition does not apply to the insurance provided by this endorsement.

All other terms and conditions remain unchanged.

COMMERCIAL LINES POLICY - COMMON POLICY DECLARATIONS

NAUTILUS INSURANCE COMPANY

Scottsdale, Arizona

Transaction Type: New

Policy No. NN1391134

Renewal of Policy # _____
 Rewrite of Policy # _____
 Cross Ref. Policy # _____
 NIC Quote # _____

Inspection Ordered:
 Yes No

Named Insured and Mailing Address

(No., Street, Town or City, County, State, Zip Code)
 JimBuddy's Rec shop

1269 Memorial Dr

Chicopee MA 01020

Agent and Mailing Address

Agency No. 021000

(No., Street, Town or City, County, State, Zip Code)

BERKLEY CONNECT INSURANCE SERVICES, LLC
 14902 N 73rd St

Scottsdale AZ 85260

Policy Premium \$6,515.00
 TRIA REJECTED
 Surplus Tax \$260.60
 Stamping Fee _____
 Policy Fee _____
 Broker Fee \$250.00

 Total \$7,025.60

Policy

NO FLAT CANCELLATION

Period: From 04/20/2022 to 04/20/2023 at 12:01 A.M. Standard Time at your mailing address shown above.

Business Description: dipensary

Tax State MA

Form of Business: Organization Including Corporation

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY,
 WE WILL PROVIDE YOU THE INSURANCE STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED.
 THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
Commercial Property Coverage Part	\$ 6,515.00
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
Tax & Fee Schedule	\$ _____
TOTAL ADVANCE PREMIUM	\$ 6,515.00
Minimum & Deposit	\$ _____
TOTAL TAXES & FEES	\$ 0.00
TOTAL	\$ 6,515.00

This policy is insured by a company which is not admitted to transact insurance in the commonwealth, is not supervised by the commissioner of insurance and, in the event of an insolvency of such company, a loss shall not be paid by the Massachusetts Insurers Insolvency Fund under chapter 175D.

Form(s) and Endorsement(s) made a part of this policy at time of issue:
Refer to Schedule of Forms and Endorsements.

Countersigned: Scottsdale, AZ
 05/03/2022

By Pepper J Sleight
 Countersignature or Authorized Representative, whichever is applicable

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART DECLARATIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

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Nautilus Insurance Company®

An Arizona Stock Corporation

COMMERCIAL LINES POLICY

THIS POLICY IS NOT OBTAINED PRIMARILY FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES.

THIS POLICY CONSISTS OF:

- Declarations;
- Common Policy Conditions; and
- One or more Coverage Parts. A Coverage Part consists of:
 - One or more Coverage Forms; and
 - Applicable Forms and Endorsements.

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.



W. Robert Berkley, Jr.
President



Philip S. Welt
Secretary

Administrative Office: 7233 East Butherus Drive, Scottsdale, Arizona 85260 (480) 509-6627

Policy Issuing Office: 7233 East Butherus Drive, Scottsdale, Arizona 85260 (480) 951-0905

POLICY NUMBER: NN1391134

Named Insured: JimBuddy's Rec shop

SCHEDULE OF FORMS AND ENDORSEMENTS

COMMON POLICY

E001	(02/14)	Nautilus Insurance Company Common Policy
		Declarations
E001J	(07/20)	Nautilus Insurance Company Commercial Lines
		Policy Jacket
IL0017	(11/98)	Common Policy Conditions
E609	(09/21)	Economic or Trade Sanctions Endorsement
E915	(09/21)	U.S. Treasury Department's Office of Foreign
		Assets Control (OFAC) Advisory Notice to
		Policyholders
E906	(02/21)	Service of Suit
S013	(07/09)	Minimum Earned Premium Endorsement
E919	(01/20)	Privacy Notice
E600	(02/21)	Actual Cash Value
IL0935	(07/02)	Exclusion of Certain Computer-Related Losses
IL0953	(01/15)	Exclusion of Certified Acts of Terrorism

STATE

CP0109	(10/00)	Massachusetts Changes (For property located
		in MA)

COMMERCIAL PROPERTY

F001	(03/12)	Commercial Property Coverage Part
		Declarations
F002	(11/10)	Commercial Property Coverage Part
		Supplemental Declarations
CP0010	(10/12)	Building and Personal Property Coverage Form
CP0030	(10/12)	Business Income (and Extra Expense) Coverage
		Form
CP0090	(07/88)	Commercial Property Conditions
CP0411	(09/17)	Protective Safeguards
CP1030	(09/17)	Causes of Loss - Special Form
CP1075	(12/20)	Cyber Incident Exclusion
F201	(11/05)	Exclusion - Property Pollution
F202	(11/05)	Exclusion - Microorganisms, Biological
		Organisms, Bioaerosols or Organic
		Contaminants, Irritants or Pollutants
F210	(04/16)	Amendment of Coverage - Collapse
F233	(11/14)	Exclusion of Loss Due to Virus or Bacteria
F400	(06/21)	Equipment Breakdown Enhancement Endorsement
F404	(12/20)	Commercial Property Deluxe Extension
		Endorsement - Special Form
F605	(11/05)	Total Loss Endorsement
F237	(04/20)	Cannabis Operations- Limitations
F238	(04/20)	Burglary and Robbery - Required Protective
		Safeguards
F239	(04/20)	Theft Limitation

The forms and endorsements shown on this Schedule constitute the entire policy at the time of issuance.

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ECONOMIC OR TRADE SANCTIONS ENDORSEMENT

No insurer shall be deemed to provide cover and no insurer shall be liable to defend any claim, pay any claim or provide any benefit under this policy to the extent that the provision of such cover, defense, payment or benefit would expose that insurer to any sanction, prohibition or restriction under any economic or trade sanctions laws or regulations of the United States of America, Canada, United Kingdom or European Union. Affected policy provisions also include, but are not limited to, those relating to cancellation, nonrenewal, premium or payments.

Economic or trade sanctions laws or regulations shall include, but not be limited to, those laws or regulations administered and enforced by the United States Department of Treasury's Office of Foreign Assets Control ("OFAC").

All other terms and conditions remain unchanged.

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL (OFAC) ADVISORY NOTICE TO POLICYHOLDERS

PLEASE READ THIS NOTICE CAREFULLY.

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to economic or trade sanctions laws or regulations of the United States of America that are administered and enforced by the Office of Foreign Assets Control ("OFAC").

OFAC administers and enforces sanctions policy under federal law and/or Presidential declarations of national emergency. Based on economic and trade sanctions laws and regulations of the United States, Canada, United Kingdom, European Union, and other governments, OFAC maintains and publishes a list of foreign governments and agents, front organizations, terrorists, terrorist organizations and narcotics traffickers as Specially Designated Nationals. This list can be located on the United States Treasury's web site: <http://www.treasury.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments or premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply, including payments of policy benefits to third parties.

SERVICE OF SUIT

Pursuant to any statute of any state, territory or district of the United States which makes provision therefore, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other Officer specified for that purpose in the Statute, or his/her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of you or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the below named as the person to whom the said Officer is authorized to mail such process or a true copy thereof.

It is further agreed that service of process in such suit may be made upon John Briggs, or his nominee of the Company at 7233 East Butherus Drive, Scottsdale, Arizona 85260, and that in any suit instituted against the Company upon this policy, it will abide by the final decision of such Court or of any Appellate Court in the event of an appeal. Nothing herein shall constitute a selection or designation of forum, or a waiver of any of the Company's rights to select a forum or court, including any of the federal courts of the United States. This includes any right to commence an action in or remove or transfer an action to the United States District Court or any other court of competent jurisdiction, as permitted by law.

POLICY NUMBER: NN1391134

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINIMUM EARNED PREMIUM ENDORSEMENT

If this policy is cancelled at your request, there will be a minimum earned premium retained by us of \$ _____ or 25 % of the premium for this insurance, whichever is greater.

Non-payment of premium is considered a request by the first Named Insured for cancellation of this policy.

If a policy fee, inspection fee or expense constant is applicable to this policy, they will be fully earned and no refund will be made.

All other terms and conditions of this policy remain unchanged.

PRIVACY NOTICE

W. R. Berkley Corporation Notice of Privacy Policies

For additional information about our Privacy Policies and how we collect, use, and share personal information, and to make a consumer request, please see our online Privacy Policy at: <https://www.berkley.com/privacy>.

If you would like to receive a paper copy of this Notice and/or our Privacy Policies, please contact us at either nic_regulatory@nautilus-ins.com or 480-509-6627.

Notice of Personal Information Collected (Pursuant to the California Consumer Privacy Act (CCPA))

This notice applies only to information received and collected by W. R. Berkley Corporation (“Berkley”), its affiliates and subsidiaries from residents of the state of California.

In this notice, when we refer to “we”, “us” or “our”, it means Nautilus Insurance Group or one or more other operating units of W. R. Berkley Corporation (“Berkley operating units”).

When we refer to “you” and “your” in this notice, we mean a resident of the state of California whose personal information we may collect. More information about W. R. Berkley Corporation and Berkley operating units can be found on <https://www.berkley.com/our-business/operating-units>.

Below is a table showing the categories of personal information that one or more of the Berkley operating units collect in the course of performing insurance services and how it is used, Not every Berkley operating unit collects every category of personal information or uses it in all the ways listed below.

[continued on next page]

Personal Information Category	How it is Used
<p>Identifiers (such as name, address, social security #, driver's license #, etc.)</p> <p>Other Sensitive Information under California Law (Examples: physical description, financial information, medical information, etc.)</p> <p>Characteristics of protected classifications under California or federal law (Examples: race, sex, color, religion, national origin, marital status, etc.)</p> <p>Biometric information (Examples: fingerprints, keystroke patterns, gait patterns, sleep/health data, etc.)</p> <p>Geolocation Data (Information to identify physical location)</p> <p>Audio, electronic, visual, thermal, olfactory, or similar information. (Examples: audio and video recordings)</p> <p>Professional or employment-related information. (Example: job history)</p> <p>Education information (information not publicly available as defined under federal law)</p>	<p>To perform insurance services for policyholders/beneficiaries/claimants; maintain and improve quality of services; security; prevent fraud and improper use; internal research; identify and repair errors; comply with laws and regulations.</p>
<p>Commercial information (Examples: records of personal property, products, and services purchased or obtained, etc.)</p>	<p>To perform insurance services for policyholders/beneficiaries/claimants; security; prevent fraud and improper use; internal research; collections; comply with laws and regulations.</p>
<p>Internet or other electronic network activity information (Examples: browsing/search history, visitor's interaction with a website, etc.)</p>	<p>To perform insurance services for policyholders/beneficiaries/claimants; maintain and improve quality of services; security; prevent fraud and improper use; internal research; identify and repair errors; comply with laws and regulations.</p>
<p>Inferences drawn from any of the other categories of information. (use of any of the above categories to create a profile about a consumer)</p>	<p>To perform insurance services for policyholders/beneficiaries/claimants; maintain and improve quality of services; security; prevent fraud and improper use; internal research; identify and repair errors; comply with laws and regulations.</p>

This notice was updated on January 8, 2020

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MASSACHUSETTS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.

B. If loss or damage is caused by fire or lightning, the **Vacancy** Loss Condition is replaced by the following:

VACANCY OR UNOCCUPANCY

If the building where loss or damage occurs, whether intended for occupancy by owner or tenant, has been vacant or unoccupied for more than:

1. 60 consecutive days for residential premises of 3 units or less; or
2. 30 consecutive days for all other premises;

immediately before that loss or damage, we will not pay for the loss or damage.

A building is vacant when it does not contain enough business personal property to conduct customary operations.

C. The **Mortgageholders** Additional Condition is replaced by the following:

We will pay for covered loss of or damage to real estate to each mortgageholder shown in the Declarations, or in an attached schedule, in the order of precedence, as interests may appear.

D. Paragraph **3.d.** of the **Replacement Cost** Optional Coverage is replaced by the following:

d. We will not pay on a replacement cost basis for any loss or damage:

(1) Until the lost or damaged property is actually repaired or replaced:

- (a)** On the described premises; or
- (b)** At some other location in the Commonwealth of Massachusetts; and

(2) Unless the repairs or replacement are made within a reasonable time, but no more than 2 years after the loss or damage.

With respect to tenants' improvements and betterments, if covered, the following also apply:

(3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Condition of the applicable Coverage Form; and

(4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

E. The following provisions are added:

1. In spite of any provision of any general or special law:

a. We will not pay for loss or damage to real property caused by any Covered Cause of Loss if the amount of loss is \$5,000 or more unless you first submit to us a certificate of municipal liens from the collector of taxes of the city or town where the property is located.

b. We will pay to the city or town any amount outstanding on the certificate of municipal liens arising from the provisions of Massachusetts General Law Chapters 40, 59, 60, 80, 83 and 164, Sections 58B through 58F.

The payment will not exceed the amount of loss payable under this Coverage Part.

We will send you and the mortgageholder proof of our payment to the city or town.

c. The claim of the city or town will have priority over the claim of any mortgageholder, assignee, you or any other interested party, except where otherwise provided by the laws of the United States.

d. We will not be liable to any city, town, mortgageholder, assignee, you or any other interested party for:

- (1) Amounts paid to a city or town; or
- (2) Amounts not paid to a city or town based upon a certificate showing that no municipal liens exist.

e. Paragraphs 1.a., 1.b., 1.c., and 1.d. above will not apply to any owner-occupied one- to four-family dwelling if the owner of the dwelling lived there when the claim for loss or damage arose.

2. We will not pay any claim for:

- a. Loss, damage or destruction of \$1,000 or more to a building or structure; or
- b. Loss, damage or destruction, of any amount, that causes a building or structure to become:
 - (1) Dangerous to life or limb; or
 - (2) Unused, uninhabited or abandoned and open to the weather;

as provided under Massachusetts General Law, Section 6 of Chapter 143;

without giving at least 10 days' written notice before such payment to:

- c. The Building Commissioner or the appointed Inspector of Buildings; and
- d. The Board of Health or the Board of Selectmen of the city or town where the property is located.

3. If at any time before our payment, the city or town notifies us by certified mail of its intent to begin proceedings designed to perfect a lien under Massachusetts General Law:

- a. Chapter 143, Section 3A or 9; or
- b. Chapter 111, Section 127B;

we will not pay while the proceedings are pending. The proceedings must be started within 30 days after we receive the notice.

Any lien perfected under the Massachusetts General Laws referred to in 3.a. and 3.b. above will extend to the city or town and may be enforced by it against the proceeds of this policy.

4. We will not be liable to any city, town, mortgageholder, assignee, you or any other interested party for:

- a. Amounts paid to a city or town; or
- b. Amounts not paid to a city or town; under Provisions 2. and 3. above.

F. The following condition is added and supersedes any provisions to the contrary:

NONRENEWAL

This provision applies to coverage on real property which is used predominantly for residential purposes and consists of not more than four dwelling units, and to coverage on personal property of a person residing in such real property:

- 1. Ordinarily we will renew this policy automatically and send you the renewal notice. Our notice will explain what you should do if you do not want to continue this policy.
- 2. We may elect not to renew this policy. We may do so by delivering to you or mailing to you at your last mailing address shown in the Declarations, written notice of nonrenewal, accompanied by the specific reasons for nonrenewal, at least 45 days before the expiration date of this policy. However, if your policy was executed on behalf of us, in whole or in part, by or on behalf of your insurance agent or our insurance broker, we will send such written notice only to the agent or broker. Every insurance agent or broker receiving this notice is required to, within 15 days of its receipt, send a copy to you unless the agent or broker has replaced the insurance.

G. The following is added:

STANDARD FIRE POLICY PROVISIONS

Your policy contains Legal Action Against Us, Appraisal and Cancellation Provisions. Massachusetts law requires that the Suit, Appraisal and Cancellation Provisions of the Massachusetts Standard Fire Policy supersede any similar provisions contained in your policy. Therefore, all Legal Action Against Us, Appraisal and Cancellation Provisions contained in your policy are void. The Suit, Appraisal and Cancellation Provisions of the Massachusetts Standard Fire Policy shall apply instead.

In consideration of the Provisions and Stipulations Herein or Added Hereto and of the Premium Specified in the Declarations, this company, for the term of years specified in the Declarations from inception date (At 12:01 A.M. Standard Time) to expiration date (At 12:01 A.M. Standard Time) at location of property involved, to an amount not exceeding the amount(s) specified in the Declarations, does insure the Insured named in the Declarations and legal representatives, to the extent of the actual cash value of the property at the time of loss, but in no event for more than the interest of the insured, against all Loss By Fire, Lightning And By Removal From Premises Endangered By The Perils Insured Against In This Policy, Except As Hereinafter Provided, to the property described in the Declarations while located or contained as described in this policy or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

**Concealment
Fraud**

This entire policy shall be void if, whether before or after a loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

**Uninsurable
And Excepted
Property**

This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion or manuscripts.

**Perils Not
Included**

This Company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by (a) enemy attack by armed forces, including action taken by military, naval or air forces in resisting an actual or an immediately impending enemy attack; (b) invasion; (c) insurrection; (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, provided that such fire did not originate from any of the perils excluded by this policy; (i) neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in the neighboring premises; (j) nor shall this company be liable for loss by theft.

**Other
Insurance**

Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached hereto.

Conditions Suspending Or Restricting Insurance Unless otherwise provided in writing added hereto this company shall not be liable for loss occurring **(a)** while the hazard is increased by any means within the control or knowledge of the insured; or **(b)** while the described premises, whether intended

for occupancy by owner or tenant, are vacant or unoccupied beyond a period of sixty consecutive days, for residential premises of three units or less and thirty (30) consecutive days for all other premises, or **(c)** as a result of explosion or riot, unless fire ensue, and in that event for loss by fire only.

Other Perils Or Subjects Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto.

Added Provisions The extent of the application of insurance under this policy and of the contribution to be made by this company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this policy is subject to change.

Waiver Provisions No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of this company relating to appraisal or to any examination provided for herein.

Cancellation Of Policy This policy shall be cancelled at any time at the request of the insured, in which case this company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be cancelled at any time by this company by giving to the insured a five days written notice of cancellation, and to the mortgagee to whom this policy is payable twenty days written notice of cancellation except where the stated reason for cancellation is nonpayment of premium where, in such instance, this policy may be cancelled at any time by this company by giving to the insured a ten days written notice of cancellation, and the mortgagee a twenty days written notice of cancellation, with or without tender of the excess paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that said excess premium (if not tendered) will be refunded on demand and shall state or be accompanied by a statement of the specific reason or reasons for such cancellation. After this policy has been in effect for sixty days, or after sixty days from any anniversary date, no notice of cancellation shall be effective unless it is based on the occurrence, after the effective date of the policy, of one or more of the following: **(1)** nonpayment of premium; **(2)** conviction of a crime arising out of acts increasing the hazard insured against; **(3)** discovery of fraud or material misrepresentation by the insured in obtaining the policy; **(4)** discovery of willful or reckless acts or omissions by the insured increasing the hazard insured against; **(5)** physical changes in the property insured which result in the property becoming uninsurable; or **(6)** a determination by the commissioner that continuation of the policy would violate or place the insurer in violation of the law. Where the stated reason is nonpayment of premium, the insured may continue the coverage and avoid the effect of the cancellation by payment at any time prior to the effective date of cancellation.

**Mortgagee
Interests And
Obligations**

Notwithstanding any other provisions of this policy, if this policy shall be made payable to a mortgagee of the covered real estate, no act or default of any person other than such mortgagee or his agent or

those claiming under him, whether the same occurs before or during the term of this policy, shall render this policy void as to such mortgagee nor affect such mortgagee's right to recover in case of loss on such real estate; provided, that the mortgagee shall on demand pay according to the established scale of rate for any increase of risk not paid for by the insured; and whenever this company shall be liable to a mortgagee for any sum for loss under this policy for which no liability exists as to the mortgagor, or owner, and this company shall elect by itself, or with others, to pay the mortgagee the full amount secured by such mortgage, then the mortgagee shall assign and transfer to the company interested, upon such payment, the said mortgage together with the note and debt thereby secured.

**Pro Rata
Liability**

This company shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property

against the peril involved.

**Requirements
In Case Loss
Occurs**

The insured shall give immediate written notice to this company of any loss, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best

possible order, furnish a complete inventory of the destroyed and damaged property, showing in detail the quantity, description, actual cash value and amount of loss claimed; and the insured shall forthwith render to this company a signed, sworn statement in proof of loss which sets forth to the best knowledge and belief of the insured the following: the time and cause of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupancy, location, possession or exposures of said property, since the issuing of this policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and detailed estimates for repair of the damage. The insured, as often as may be reasonably required, shall exhibit to any person designated by this company all that remains of any property herein described, and submit to examinations under oath by any person named by this company, and subscribe the same; and as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by this company or its representative, and shall permit extracts and copies thereof to be made.

When Loss Payable

In case of any loss or damage, the company within thirty days after the insured shall have submitted a statement, as provided in the preceding clause, shall either pay the amount for which it shall be liable, which amount if not agreed upon shall be ascertained by award of referees as hereinafter provided, or replace the property with other of the same kind and goodness, or it may, within fifteen days after such statement is submitted, notify the insured of its intention to rebuild or repair the premises, or any portion thereof separately covered by this policy, and shall thereupon enter upon said premises and proceed to rebuild or repair the same with reasonable expedition. It is moreover understood that there can be no abandonment of the property described to the company, and that the company shall not in any case be liable for more than the sum insured, with interest thereon from the time when the loss shall become payable, as provided above. The company shall be liable for the payment of interest to the insured at a rate of one percent over the prime interest rate on the agreed figure commencing thirty days after the date an executed proof of loss for such figure is received by the company, said interest to continue so long as the claim remains unpaid.

Appraisal

In case of loss under this policy and a failure of the parties to agree as to the amount of loss, it is mutually agreed that the amount of such loss shall be referred to three disinterested men, the company and the insured each choosing one out of three persons to be named by the other, and the third being selected by the two so chosen, and the award in writing by a majority of the referees shall be conclusive and final upon the parties as to the amount of loss or damage, and such reference, unless waived by the parties, shall be a condition precedent to any right of action in law or equity to recover for such loss; but no person shall be chosen or act as a referee, against the objection of either party, who has acted in a like capacity within four months.

Suit

No suit or action against this company for the recovery of any claim by virtue of this policy shall be sustained in any court of law or equity in this commonwealth unless commenced within two years from the time the loss occurred; provided, however, that if, within said two years, in accordance with the provisions of the preceding paragraph, the amount of the loss shall have been referred to arbitration after failure of the parties to agree thereon, the limitation of time for bringing such suit or action shall in no event be less than ninety days after a valid award has been made upon such reference or after such reference or award has been expressly waived by the parties. If suit or action upon this policy is enjoined or abated, suit or action may be commenced at any time within one year after the dissolution of such injunction, or the abatement of such suit or action, to the same extent as would be possible if there was no limitation of time provided herein for the bringing of such suit or action.

Subrogation

This company may require from the insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this company.

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

POLICY NUMBER: NN1391134

Supplemental Declarations is attached (Applies only if box is checked) Effective Date: 04/20/2022 12:01 A.M. Standard Time

BUSINESS DESCRIPTION dipensary							
DESCRIPTION OF PREMISES							
PREM NO.	BLDG NO.	LOCATION ADDRESS	CLASS CODE	CONST	PROT CLASS	YEAR BUILT	NO. OF STORIES
1	1	1269 Memorial Dr, Chicopee, MA 01020	0562	JM	3	1979	1
BLDG DESC/OCCUPANCY: Dispensary							
BLDG DESC/OCCUPANCY:							
BLDG DESC/OCCUPANCY:							
COVERAGES PROVIDED (INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN)							
PREM NO.	BLDG NO.	COVERAGE	LIMIT OF INSURANCE	COVERED CAUSES OF LOSS	* COINS %	RATES	PREMIUM
1	1	Tenant Imprvment Betrmt	200,000	Special	80%	0.621 \$	1,242
1	1	Business Pers Prop	30,000	Special	80%	0.671	201
1	1	Stock	250,000	Special	80%	0.574	1,435
* IF EXTRA EXPENSE COVERAGE, LIMITS ON LOSS PAYMENT							
DEDUCTIBLE \$5,000		Exceptions: \$					
OPTIONAL COVERAGES (APPLICABLE ONLY WHEN ENTRIES ARE MADE IN THE SCHEDULE BELOW)							
		<u>AGREED VALUE</u>			<u>REPLACEMENT COST (APPLIES ONLY IF "X" IS SHOWN BELOW)</u>		
PREM NO.	BLDG NO.	EXPIRATION DATE	COVERAGE	AMOUNT	BUILDING	PERSONAL PROPERTY	INCLUDING "STOCK"
1	1				X	X	X
PREM NO.	BLDG NO.	<u>INFLATION GUARD PERCENTAGE</u>		** MONTHLY LIMIT OF INDEMNITY (Fraction)	** MAXIMUM PERIOD OF INDEMNITY ***	** EXTENDED PERIOD OF INDEMNITY (Days)	
		BUILDING	PERSONAL PROPERTY				
** APPLIES TO BUSINESS INCOME ONLY *** APPLIES ONLY IF "X" IS SHOWN BELOW							
MORTGAGE HOLDER(S)							
PREM NO.	BLDG NO.	MORTGAGE HOLDER NAME AND MAILING ADDRESS					
						LOAN NUMBER:	
						LOAN NUMBER:	
						LOAN NUMBER:	
PREMIUM FOR THIS PAGE						\$	2,878
FORMS AND ENDORSEMENTS (other than applicable Forms and Endorsements shown elsewhere in the policy)							
Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue: APPLICABLE TO ALL COVERAGES:							
Refer to Schedule of Forms and Endorsements							
APPLICABLE TO SPECIFIC PREMISES/COVERAGES:							
PREM NO.	BLDG NO.	COVERAGES			FORM NUMBERS		

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

COMMERCIAL PROPERTY COVERAGE PART SUPPLEMENTAL DECLARATIONS

POLICY NUMBER: NN1391134

Effective Date: 04/20/2022

12:01 A.M. Standard Time

DESCRIPTION OF PREMISES

PREM NO.	BLDG NO.	LOCATION ADDRESS	CLASS CODE	CONST	PROT CLASS	YEAR BUILT	NO. OF STORIES
		BLDG DESC/OCCUPANCY:					
		BLDG DESC/OCCUPANCY:					
		BLDG DESC/OCCUPANCY:					
		BLDG DESC/OCCUPANCY:					
		BLDG DESC/OCCUPANCY:					
		BLDG DESC/OCCUPANCY:					

COVERAGES PROVIDED (INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN)

PREM NO.	BLDG NO.	COVERAGE	LIMIT OF INSURANCE	COVERED CAUSES OF LOSS	* COINS %	RATES	PREMIUM
1	1	Bus Inc including EE	500,000	Special	80%	0.597	2,985
		Equipment Breakdown					352
		F404 Deluxe Ext Endt					300

* IF EXTRA EXPENSE COVERAGE, LIMITS ON LOSS PAYMENT

OPTIONAL COVERAGES (APPLICABLE ONLY WHEN ENTRIES ARE MADE IN THE SCHEDULE BELOW)

PREM NO.	BLDG NO.	EXPIRATION DATE	AGREED VALUE		REPLACEMENT COST (APPLIES ONLY IF "X" IS SHOWN BELOW)		
			COVERAGE	AMOUNT	BUILDING	PERSONAL PROPERTY	INCLUDING "STOCK"
PREM NO.	BLDG NO.		<u>INFLATION GUARD PERCENTAGE</u>		** MONTHLY LIMIT OF INDEMNITY (Fraction)	** MAXIMUM PERIOD OF INDEMNITY ***	** EXTENDED PERIOD OF INDEMNITY (Days)
			BUILDING	PERSONAL PROPERTY			

** APPLIES TO BUSINESS INCOME ONLY
*** APPLIES ONLY IF "X" IS SHOWN BELOW

MORTGAGE HOLDER(S)

PREM NO.	BLDG NO.	MORTGAGE HOLDER NAME AND MAILING ADDRESS
		LOAN NUMBER:
		LOAN NUMBER:

PREMIUM FOR THIS COVERAGE PART \$ 6,515

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property

consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
 - (c) Rowboats or canoes out of water at the described premises; or
 - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
 - (2) Debris Removal does not apply to costs to:
 - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
 - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
 - (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
 - (e) Remove deposits of mud or earth from the grounds of the described premises;
 - (f) Extract "pollutants" from land or water; or
 - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3)**.

Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4)**, because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph **(4)**. Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1)** While it is being moved or while temporarily stored at another location; and
- (2)** Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1)** Assumed by contract or agreement prior to loss; or
- (2)** Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
 - (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:
 - (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
 - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Business Personal Property Temporarily In Portable Storage Units

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
 - (a) Will end 90 days after the business personal property has been placed in the storage unit;
 - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example 1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

$$\begin{array}{r}
 \$ 60,100 \\
 - \quad 250 \\
 \hline
 \end{array}$$

\$ 59,850 Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:
 \$59,850 + \$80,000 = \$139,850

Example 2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

- (1)** As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:
 - (a)** When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

- (b)** When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (i)** Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
- (ii)** Used by the building owner to conduct customary operations.

- (2)** Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1)** We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:
 - (a)** Vandalism;
 - (b)** Sprinkler leakage, unless you have protected the system against freezing;
 - (c)** Building glass breakage;
 - (d)** Water damage;
 - (e)** Theft; or
 - (f)** Attempted theft.
- (2)** With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a.** At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b.** If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example 1 (Underinsurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example 2 (Adequate Insurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 ($\$40,000$ amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example 3

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	<u>\$ 75,000</u>
	\$ 250,000
The Coinsurance percentage for it is: 90%	
The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is: \$ 180,000	
The Deductible is:	\$ 1,000
The amount of loss is:	
Building at Location 2:	\$ 30,000
Personal Property at Location 2:	<u>\$ 20,000</u>
	\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$
 (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example

If: The applicable Limit of Insurance is: \$ 100,000
 The annual percentage increase is: 8%
 The number of days since the beginning of the policy year (or last policy change) is: 146
 The amount of increase is:
 $\$100,000 \times .08 \times 146 \div 365 =$ \$ 3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:

- (1) The Limit of Insurance applicable to the lost or damaged property;
- (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
- (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F**. Definitions.

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- d. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
 - (2) When your Civil Authority Coverage for Business Income ends;
- whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.

- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation – Interruption Of Computer Operations – does not apply based on Paragraph **A.4.d.** therein.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;

- (2) 30 days expire after you acquire or begin to construct the property; or
- (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (7) Cooperate with us in the investigation or settlement of the claim.
 - (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:
 - (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
 - (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition

COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

- 1. The Coinsurance percentage shown for Business Income in the Declarations; times
- 2. The sum of:
 - a. The Net Income (Net Profit or Loss before income taxes), and
 - b. Operating expenses, including payroll expenses,

that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

- Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
The Coinsurance percentage is: 50%
The Limit of Insurance is: \$ 150,000
The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
The Coinsurance percentage is: 50%
The Limit of Insurance is: \$ 200,000
The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:
 - (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
 - (2) The Limit Of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

Example

When: The Limit of Insurance is:	\$ 120,000
The fraction shown in the Declarations for this Optional Coverage is:	1/4
The most we will pay for loss in each period of 30 consecutive days is:	\$ 30,000
(\$120,000 x 1/4 = \$30,000)	
If, in this example, the actual amount of loss is:	
Days 1–30:	\$ 40,000
Days 31–60:	\$ 20,000
Days 61–90:	<u>\$ 30,000</u>
	\$ 90,000
We will pay:	
Days 1–30:	\$ 30,000
Days 31–60:	\$ 20,000
Days 61–90:	<u>\$ 30,000</u>
	\$ 80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and

- (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
- (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.
- b. The Additional Condition, Coinsurance, is suspended until:
 - (1) 12 months after the effective date of this Optional Coverage; or
 - (2) The expiration date of this policy; whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
 - (1) Within 12 months of the effective date of this Optional Coverage; or
 - (2) When you request a change in your Business Income Limit of Insurance.
- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
 - (1) The Business Income Limit of Insurance; divided by
 - (2) The Agreed Value.

Example

When: The Limit of Insurance is:	\$ 100,000
The Agreed Value is:	\$ 200,000
The amount of loss is:	\$ 80,000
Step (1):	$\$100,000 \div \$200,000 = .50$
Step (2):	$.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph A.5.c., **Extended Business Income**, the number 60 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:
 - a. Your business activities occurring at the described premises; and
 - b. The tenability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
3. "Period of restoration" means the period of time that:
 - a. Begins:
 - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;
caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or

- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means Business Income that consists of:
 - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "Suspension" means:
 - a. The slowdown or cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

SCHEDULE

Premises Number	Building Number	Protective Safeguards Symbols Applicable
1	1	P-2
Describe Any "P-9":		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

A. The following is added to the Commercial Property Conditions:

Protective Safeguards

As a condition of this insurance, you are required to:

1. Maintain the protective safeguards listed in the Schedule, and over which you have control, in complete working order;
2. Actively engage and maintain in the "on" position at all times any automatic fire alarm or other automatic system listed in the Schedule; and
3. Notify us if you know of any suspension of or impairment in any protective safeguard listed in the Schedule.

However, if part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

B. The following is added to the **Exclusions** section of:

- Causes Of Loss – Basic Form
- Causes Of Loss – Broad Form
- Causes Of Loss – Special Form
- Mortgageholders Errors And Omissions Coverage Form
- Standard Property Policy

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you failed to comply with any condition set forth in Paragraph **A.**

C. The protective safeguards to which this endorsement applies are identified by the following symbols:

"P-1" Automatic Sprinkler System, including related supervisory services.

Automatic Sprinkler System means:

- a. Any automatic fire protective or extinguishing system, including connected:
 - (1) Sprinklers and discharge nozzles;
 - (2) Ducts, pipes, valves and fittings;
 - (3) Tanks, their component parts and supports; and
 - (4) Pumps and private fire protection mains.
- b. When supplied from an automatic fire protective system:
 - (1) Non-automatic fire protective systems; and
 - (2) Hydrants, standpipes and outlets.

"P-2" Automatic Fire Alarm, protecting the entire building, that is:

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

"P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

"P-4" Service Contract with a privately owned fire department providing fire protection service to the described premises.

"P-5" Automatic Commercial Cooking Exhaust And Extinguishing System installed on cooking appliances and having the following components:

- a. Hood;
- b. Grease removal device;
- c. Duct system; and
- d. Wet chemical fire extinguishing equipment.

"P-9", the protective system described in the Schedule.

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G**. Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;

- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);

- (2) Mudslide or mudflow;

- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

- (4) Water under the ground surface pressing on, or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces;
- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings; or

- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b.** Delay, loss of use or loss of market.
- c.** Smoke, vapor or gas from agricultural smudging or industrial operations.

d.(1) Wear and tear;

(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

- g.** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1)** You do your best to maintain heat in the building or structure; or
 - (2)** You drain the equipment and shut off the supply if the heat is not maintained.
- h.** Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1)** Applies whether or not an act occurs during your normal hours of operation;
- (2)** Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- i.** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j.** Rain, snow, ice or sleet to personal property in the open.
- k.** Collapse, including any of the following conditions of property or any part of the property:
 - (1)** An abrupt falling down or caving in;
 - (2)** Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3)** Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.**, does not apply:

- (a)** To the extent that coverage is provided under the Additional Coverage, Collapse; or
 - (b)** To collapse caused by one or more of the following:
 - (i)** The "specified causes of loss";
 - (ii)** Breakage of building glass;
 - (iii)** Weight of rain that collects on a roof; or
 - (iv)** Weight of people or personal property.
 - l.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".
- This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.
- m.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- 3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
- a.** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.
 - b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c.** Faulty, inadequate or defective:
 - (1)** Planning, zoning, development, surveying, siting;
 - (2)** Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3)** Materials used in repair, construction, renovation or remodeling; or
 - (4)** Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
 - (a) Your cancelling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph **B.1.a.** Ordinance Or Law;
 - (b) Paragraph **B.1.c.** Governmental Action;
 - (c) Paragraph **B.1.d.** Nuclear Hazard;
 - (d) Paragraph **B.1.e.** Utility Services; and
 - (e) Paragraph **B.1.f.** War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

- (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 - f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
 - g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
 - (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - (2) Changes in or extremes of temperature;
 - (3) Disease;
 - (4) Frost or hail; or
 - (5) Rain, snow, ice or sleet.
 2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

(2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):
- a.** \$2,500 for furs, fur garments and garments trimmed with fur.
 - b.** \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c.** \$2,500 for patterns, dies, molds and forms.
 - d.** \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:
- a.** Results in discharge of any substance from an automatic fire protection system; or
 - b.** Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

- a.** Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b.** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (1) A cause of loss listed in **2.a.** or **2.b.**;
- (2) One or more of the "specified causes of loss";
- (3) Breakage of building glass;
- (4) Weight of people or personal property; or
- (5) Weight of rain that collects on a roof.

3. This **Additional Coverage – Collapse** does **not** apply to:

- a.** A building or any part of a building that is in danger of falling down or caving in;
- b.** A part of a building that is standing, even if it has separated from another part of the building; or
- c.** A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a.** Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;
 - f. Piers, wharves and docks;
 - g. Beach or diving platforms or appurtenances;
 - h. Retaining walls; and
 - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
 - b. The personal property which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

- 6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- 7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
- 8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
- c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension **F.3.** does not increase the Limit of Insurance.

G. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
 - c. Water damage means:
 - (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and

- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe caused by wear and tear, when the pipe is located off the described premises and is connected to or is part of a potable water supply system or sanitary sewer system operated by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the described premises are located.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBER INCIDENT EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

A. The following exclusion is added to Paragraph B. Exclusions:

We will not pay for loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Cyber Incident

1. Unauthorized access to or use of any computer system (including electronic data).
2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any computer system (including electronic data) and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any computer system (including electronic data) or otherwise disrupt its normal functioning or operation.
3. Denial of service attack which disrupts, prevents or restricts access to or use of any computer system, or otherwise disrupts its normal functioning or operation.

B. Exceptions And Limitations

1. Fire Or Explosion

If a cyber incident as described in Paragraphs **A.1.** through **A.3.** of this exclusion results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

2. Additional Coverage

The exclusion in Paragraph **A.** does not apply to the extent that coverage is provided in the:

- a. Additional Coverage – Electronic Data; or
- b. Additional Coverage – Interruption Of Computer Operations.

3. Electronic Commerce Endorsement

The exclusion in Paragraph **A.** does not apply to the Electronic Commerce (E-Commerce) endorsement when attached to your policy.

C. Vandalism

The following is added to Vandalism, if Vandalism coverage is not otherwise excluded under the Standard Property Policy or the Causes Of Loss – Basic, Broad or Special Forms and if applicable to the premises described in the Declarations:

Vandalism does not include a cyber incident as described in Paragraph **A.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
FARM COVERAGE PART

The following is **added** to any provision, which uses the term Actual Cash Value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual Cash Value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The Actual Cash Value of the lost or damaged property may be significantly less than its replacement cost.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - PROPERTY POLLUTION

This endorsement modifies insurance provided under the following:

BUILDERS RISK COVERAGE FORM
BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS - BROAD FORM
CAUSES OF LOSS - SPECIAL FORM
STANDARD PROPERTY POLICY

A. When referenced in the coverage form, **Pollutant Clean Up and Removal** under **Additional Coverages** is **deleted**.

B. The following is **added** to the **Exclusions** section:

PROPERTY POLLUTION

We will not pay for loss, damage or expense caused directly or indirectly, in whole or in part, by the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants". Nor will we cover any loss, damage or expense arising out of any:

1. Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
2. Claim or suit by or on behalf of a government authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants".

Such loss, damage or expense is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

This exclusion also applies to personal property contained in any man-made structure.

C. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION - MICROORGANISMS, BIOLOGICAL ORGANISMS,
BIOAEROSOLS OR ORGANIC CONTAMINANTS, IRRITANTS OR
POLLUTANTS**

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS - BROAD FORM
CAUSES OF LOSS - SPECIAL FORM
STANDARD PROPERTY POLICY

A. Paragraph **h. "Fungus", Wet Rot, Dry Rot and Bacteria** of section **B. Exclusions** is **replaced** by the following:

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

1. Any microorganisms, biological organisms, bioaerosols or organic contaminants, irritants or "pollutants", including but not limited to mold, mildew, "fungus", spores, yeast or other toxins, mycotoxins, allergens, infectious agents, wet or dry rot or rust, or any materials containing them at any time, regardless of the cause of growth, proliferation or secretion; or
2. Rust, corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.

B. In the Causes of Loss - Basic, Broad and Special Forms, **Additional Coverage - Limited Coverage for "Fungus", Wet Rot, Dry Rot and Bacteria** is **deleted** in its entirety.

C. In the Standard Property Policy, Additional Coverages, **f. - Limited Coverage for "Fungus", Wet Rot, Dry Rot and Bacteria** is **deleted** in its entirety.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF COVERAGE - COLLAPSE

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS - BROAD FORM
CAUSES OF LOSS - SPECIAL FORM

The following **replaces** paragraph **3.a.** of **Additional Coverage - Collapse**:

- a.** A building or any part of a building that is in danger of falling down or caving in, even if such danger of falling down or caving in is imminent;

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
 - B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
 - C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
 - D.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.
- However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
 BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
 CAUSES OF LOSS - BASIC FORM
 CAUSES OF LOSS - BROAD FORM
 CAUSES OF LOSS - SPECIAL FORM
 EXTRA EXPENSE COVERAGE FORM

- A.** With respect to the insurance provided by this endorsement, the following **replaces 4.d. Pollutant Clean Up And Removal** under **Additional Coverages of Section A. Coverage** of the **Building And Personal Property Coverage Form, Condominium Association Coverage Form** or **Condominium Commercial Unit-Owners Coverage Form**, whichever is applicable:

d. Pollutant Clean Up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from an "Equipment Breakdown" that occurs during the policy period. The most we will pay under this Additional Coverage is \$250,000 for the sum of all covered expenses arising out of an "Equipment Breakdown" occurring during the policy period, unless a higher limit is provided by an endorsement to the property form to which this endorsement is attached. In that case, whichever limit is greater will apply.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

- B.** With respect to the insurance provided by this endorsement, the following are **added to 4. Additional Coverages of Section A. Coverage** of the **Building And Personal Property Coverage Form, Condominium Association Coverage Form** or **Condominium Commercial Unit-Owners Coverage Form**, whichever is applicable:

1. Expediting Expenses

We will pay the "reasonable extra cost" to:

- a. Make temporary repairs to;
- b. Expedite permanent repairs to; and
- c. Expedite permanent replacement of

your damaged Covered Property resulting from an "Equipment Breakdown".

This will be a part of and not in addition to the Limit of Insurance.

2. Refrigerant Contamination

We will pay the loss from contamination by refrigerant used in refrigerating, cooling or humidity control equipment at the described premises as a result of an "Equipment Breakdown".

The most we will pay for loss or damage under this coverage is \$250,000 for the sum of all covered expenses arising out of an "Equipment Breakdown" occurring during the policy period, unless a higher limit is provided by an endorsement to the property form to which this endorsement is attached. In that case, whichever limit is greater will apply.

3. Spoilage

We will pay for loss of "perishable goods" due to spoilage resulting from lack or excess of power, light, heat, steam or refrigeration caused by an "Equipment Breakdown" to Covered Property.

However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

The most we will pay for loss or damage under this coverage is \$250,000 for the sum of all covered expenses arising out of an "Equipment Breakdown" occurring during the policy period, unless a higher limit is provided by an endorsement to the property form to which this endorsement is attached. In that case, whichever limit is greater will apply.

4. Service Interruption

Any insurance provided for Business Income, Extra Expense, Data Restoration or Spoilage is extended to apply to your loss, damage or expense caused by an "Equipment Breakdown" to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks, "cloud computing" or data transmission. The equipment must meet the definition of "Equipment Breakdown" except that it is not Covered Property.

However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

5. CFC Refrigerants

We will pay for the additional cost to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances.

Additional costs mean those in excess of what would have been required to repair or replace Covered Property, had no CFC refrigerant been involved. We also pay for additional loss as described under the Business Income, Extra Expense or Spoilage coverages provided by this endorsement, caused by the presence of a refrigerant containing CFC substances.

We will pay the lesser of:

- a. The cost to repair the damaged property and replace any lost CFC refrigerant;
- b. The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or
- c. The cost to replace the system with one using a non-CFC refrigerant.

6. Computer Equipment

We will pay for loss or damage to your "computer equipment" caused by an "Equipment Breakdown". The most we will pay for loss or damage is the applicable limit of insurance shown in the Declarations.

7. Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore lost information from electronic media and records as a result of an "Equipment Breakdown".

The most we will pay under this coverage is \$100,000.

8. Unauthorized Instruction

We will pay for loss or damage to your "computer equipment" caused by an "unauthorized instruction" which results in an "Equipment Breakdown".

The most we will pay for loss or damage is the applicable limit of insurance shown in the Declarations.

9. Risk Improvement

We will pay the following reasonable costs you incur to improve the "power quality" of the electrical system or equipment at the loss location where direct physical loss or damage to Covered Property occurred due to an "Equipment Breakdown":

- a. Installation of surge protection devices (SPD's) which are installed at the loss location's line disconnect, load disconnect, or on specific pieces of equipment and that are certified by Underwriter Laboratories (UL) or an equivalent certification. However SPD's which are cord-connected surge strips, direct plug-in SPD's or receptacle SPD's are not eligible for this coverage;
- b. An upgrade or replacement of electrical panels, switchgear, or circuit breakers; or
- c. Electrical wire and wiring improvements which include installation of flexible conduit, junction boxes, or ground wiring.

The most we will pay under this coverage is 10% of the payment for the direct loss, subject to a maximum limit of \$10,000. To receive payment under this coverage, you must send us an invoice for the reasonable costs within 180 days after you receive the payment for the direct loss.

10. Off-Premises Coverage

We will pay for loss or damage to Covered Property resulting from an "Equipment Breakdown" while temporarily at a premises or location that is not a described premises.

The most we will pay for loss or damage under this coverage is \$25,000.

11. Temperature Fluctuation

We will pay for loss of "perishable goods" due to spoilage resulting from the failure of Covered Property to properly regulate temperature. In order for this coverage to apply, the temperature regulation operation must be repaired by calibrating, resetting, tightening, adjusting, or cleaning the Covered Property. This coverage also applies to any insurance provided for Business Income or Extra Expense.

However, we will not pay for loss of "perishable goods" caused by resetting the power supply to the Covered Property.

The most we will pay for loss, damage, or expense under this coverage is \$5,000.

- C. With respect to the insurance provided by this endorsement, the following conditions are **added to Section F. Additional Conditions** of the **Building And Personal Property Coverage Form, Condominium Association Coverage Form** or **Condominium Commercial Unit-Owners Coverage Form**, whichever is applicable:

1. Suspension

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss to that Covered Property for the perils covered by this endorsement. Coverage can be suspended and possibly reinstated by delivering or mailing a written notice of suspension or coverage reinstatement to:

- a. Your last known address; or
- b. The address where the property is located.

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

2. Jurisdictional Inspections

If any Covered Property under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

3. Environmental, Safety And Efficiency Improvements

If Covered Property requires replacement due to an "Equipment Breakdown", we will pay your additional cost to replace with equipment that is better for the environment, safer, or more energy efficient than the equipment being replaced.

However, we will not pay more than 150% of what the cost would have been to repair or replace with like kind and quality. This Condition does not apply to any Covered Property to which Actual Cash Value applies.

4. Green Environmental And Efficiency Improvements

If Covered Property requires repair or replacement due to an "Equipment Breakdown", we will pay:

- a. The lesser of the reasonable and necessary additional cost incurred by the insured to repair or replace physically damaged Covered Property with equipment of like kind and quality which qualifies as "Green". Like kind and quality includes similar size and capacity.
- b. The additional reasonable and necessary fees incurred by the insured for an accredited professional certified by a "Green Authority" to participate in the repair or replacement of physically damaged Covered Property as "Green".
- c. The additional reasonable and necessary cost incurred by the insured for certification or recertification of the repaired or replaced Covered Property as "Green".
- d. The additional reasonable and necessary cost incurred by the insured for "Green" in the removal, disposal or recycling of damaged Covered Property.
- e. The business interruption (if covered within the Policy to which this endorsement is attached) loss during the additional time required for repair or replacement of Covered Property, consistent with "Green", in the coverages above.

We will not pay more than 150%, to a maximum limit of \$100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any business interruption loss incurred as stated above.

Green Environmental And Efficiency Improvements does not cover any of the following:

- a. Covered Property does not include stock, raw materials, finished goods, "production machinery", merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which the insured is legally liable, or personal property of others.
- b. Any loss adjusted on any valuation basis other than a repair or replacement basis as per the Valuation section of this policy.
- c. Any loss covered under any other section of this policy.
- d. Any cost incurred due to any law or ordinance with which the insured was legally obligated to comply prior to the time of the "Equipment Breakdown".

D. With respect to the insurance provided by this endorsement, the following definitions are **added** to the **Definitions** section of the **Causes Of Loss - Basic Form, Causes Of Loss - Broad Form, Causes Of Loss - Special Form** and applicable **Coverage Form**:

1. "Cloud computing" means on-demand network access to a shared pool of computing resources via networks, servers, storage, applications or services provided by an organization with whom you have a contract using one or more of the following service models: Software as a Service (SaaS), Platform as a Service (PaaS) or Infrastructure as a Service (IaaS) on one or more of the following deployment models: public cloud, community cloud, hybrid cloud or private cloud.
2. "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including peripherals used in conjunction with such equipment, and electronic media and records.
3. "Electronic equipment" means devices which operate using many small electrical parts such as, but not limited to, microchips, transistors or circuits.
4. "Electronic equipment deficiency" means the quality or condition within "electronic equipment" which renders it unexpectedly inoperable and which becomes operable again once a piece of the "electronic equipment" is replaced. However, "electronic equipment deficiency" does not include any condition that could have been resolved without the replacement of a piece of the "electronic equipment" including but not limited to "computer equipment" maintenance or the reinstallation or incompatibility of software.
5. "Equipment Breakdown" means:
 - a. Physical loss or damage both originating within:
 - (1) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:

- (a) Waste disposal piping;
- (b) Any piping forming part of a fire protective system;
- (c) Furnaces; and
- (d) Any water piping other than:
 - (i) Boiler feed water piping between the feed pump and the boiler;
 - (ii) Boiler condensate return piping; or
 - (iii) Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes; or
- (2) Mechanical, electrical, or fiber optic equipment or "electronic equipment"; and
- b. Caused by, resulting from, or consisting of:
 - (1) Mechanical breakdown;
 - (2) Electrical or electronic breakdown;
 - (3) "Electronic equipment deficiency"; or
 - (4) Rupture, bursting, bulging, implosion, or steam explosion.

However, "Equipment Breakdown" will not mean:

- a. Physical loss or damage caused by or resulting from any of the following:
 - (1) Wear and tear;
 - (2) Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other quality in property that causes it to damage or destroy itself;
 - (3) Smog;
 - (4) Settling, cracking, shrinking or expansion;
 - (5) Nesting or infestation, or discharge or release of waste products or secretions, by birds, rodents or other animals;
 - (6) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software; or
 - (7) Scratching and marring.

However, if loss or damage not otherwise excluded results, then we will pay for such resulting loss or damage.

- b. Any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.
- 6. "Green" means products, materials, methods and processes certified by a "Green Authority" that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.
- 7. "Green Authority" means an authority on "Green" buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), "Green" Building Initiative Green Globes®, Energy Star Rating System or any other recognized "Green" rating system.
- 8. "Perishable Goods" means stock preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.
- 9. "Power quality" means the conditions that allow electrical systems or equipment to operate as intended by limiting voltage fluctuations and other power influences that adversely affect operational performance, reduce reliability or reduce life-span of the electrical system.
- 10. "Production machinery" means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.

11. "Reasonable extra cost" means the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.
12. "Unauthorized instruction" means a virus, harmful code or similar instruction introduced into or enacted on a computer system or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.

E. The following cause of loss is **added** to **Section A. Covered Causes Of Loss** of the **Causes Of Loss - Basic Form** and **Causes Of Loss - Broad Form**:

"Equipment Breakdown".

F. Exclusions **B.2.a.**, **B.2.d.** and **B.2.e.** from **Section B. Exclusions** of the **Causes Of Loss - Basic Form** and exclusions **B.2.a.**, **B.2.b.** and **B.2.c.** from **Section B. Exclusions** of the **Causes Of Loss - Broad Form** are **deleted**.

G. Exclusions **B.2.a.** and **B.2.e.** are **deleted** from **Section B. Exclusions** of the **Causes Of Loss - Special Form**.

H. With respect to the insurance provided by this endorsement, exclusion **B.2.d.** from **Section B. Exclusions** of the **Causes Of Loss - Special Form** is **deleted** and **replaced** with the following:

We will not pay for loss or damage caused by or resulting from any of the following:

- d. (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals; or
- (6) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(6)** results in an "Equipment Breakdown", we will pay for the loss or damage caused by that "Equipment Breakdown".

I. With respect to the insurance provided by this endorsement, exclusion **B.2.c.** from **Section B. Exclusions** of the **Causes Of Loss - Basic Form** is **deleted** and **replaced** with the following:

c. Leakage or discharge of water or steam from any part of a system or appliance containing water or steam (other than an Automatic Sprinkler System), unless the leakage or discharge occurs because the system or appliance was damaged by a Covered Cause of Loss. However, Covered Cause of Loss does not include "Equipment Breakdown". We will not pay for loss or damage caused by or resulting from continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

J. Limitations **C.1.a.** and **C.1.b.** are **deleted** from **Section C. Limitations** of the **Causes Of Loss - Special Form**.

K. The following is **added** to definition 2. "**Specified Causes Of Loss**" in the **Definitions** section of the **Causes Of Loss - Special Form**:

"Specified Causes Of Loss" also means "Equipment Breakdown".

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL PROPERTY DELUXE EXTENSION ENDORSEMENT - SPECIAL FORM

This endorsement modifies insurance provided under the following:

- BUILDING AND PERSONAL PROPERTY COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CAUSES OF LOSS - SPECIAL FORM

SUMMARY OF COVERAGE

The following is a summary of increased Limits Of Insurance and additional coverage provided by this endorsement. The Included column lists the minimum limits of insurance applicable. The Revised column lists amended limits (if any) which were increased due to your purchase of additional insurance. When a higher limit is shown in the Revised column, it replaces the Included limit. The Revised column does not apply when Not applicable is shown or it is left blank. Limits shown below are the highest dollar amount payable and may be subject to sublimits or other limitations. For complete details on specific coverages, refer to the appropriate provisions in this endorsement.

COVERAGE	LIMITS OF INSURANCE / COVERAGE EXTENSION	
	Included	Revised
Accounts Receivable	\$25,000	Not applicable
Bridges, Roadways, Walks, Patios Or Other Paved Surfaces, Foundations Of Buildings Or Structures, And Underground Pipes, Flues Or Drains	\$ 5,000	Not applicable
Computer Equipment	\$25,000	Not applicable
Covered Property Distance From Described Premises	1,000 Feet	Not applicable
Employee Theft	\$10,000	Not applicable
Extra Expense	\$ 5,000	Not applicable
Fine Arts	\$10,000	Not applicable
Fire Department Service Charge	\$10,000	Not applicable
Fire Protection Equipment	\$10,000	Not applicable
Money And Securities	\$10,000	Not applicable
Outdoor Property	\$10,000	Not applicable
Outdoor Signs	\$10,000	Not applicable
Personal Effects And Property Of Others	\$10,000	Not applicable
Pollutant Clean-up And Removal	\$25,000	Not applicable
Property In Transit	\$10,000	Not applicable
Property Off Premises	\$15,000	Not applicable
Reward Payment	\$10,000	Not applicable
Spoilage	\$10,000	Not applicable
Valuable Papers And Records (Other Than Electronic Data)	\$25,000	Not applicable
Water Back Up Or Overflow From Sewer, Drain Or Sump	\$10,000	Not applicable

A. The following changes are made to the applicable **Coverage Form** and **Causes Of Loss - Special Form**:

1. The following is **added** to Paragraph 5. **Coverage Extensions** of **Section A. - Coverage of the Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable:

Accounts Receivable

- a. You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to your accounts receivable for:
 - (1) All amounts due from your customers that you are unable to collect;
 - (2) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - (3) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
 - (4) Other reasonable expenses that you incur to re-establish your records of accounts receivable; that result from Covered Causes of Loss to your records of accounts receivable.
- b. We will not pay for loss or damage caused by or resulting from any of the following:
 - (1) Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding;
 - (2) Bookkeeping, accounting or billing errors or omissions; or
 - (3) Loss that requires any audit of records or any inventory computation to prove its factual existence.
- c. The accounts receivable loss payment amount will be determined as follows:
 - (1) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:
 - (a) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (b) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
 - (2) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (a) The amount of the accounts for which there is no loss or damage;
 - (b) The amount of the accounts that you are able to re-establish or collect;
 - (c) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (d) All unearned interest and service charges.
- d. The most we will pay under this Extension is \$25,000 at each described premises, unless a higher limit for accounts receivable is shown in the Summary section of this endorsement.
- e. To the extent that coverage for accounts receivable is provided under this Extension, the provisions of **Property Not Covered** in the **Coverage** section do not apply.

2. The following is **added** to Paragraph 5. **Coverage Extensions** of **Section A. - Coverage of the Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable:

Bridges, Roadways, Walks, Patios Or Other Paved Surfaces, Foundations Of Buildings Or Structures, And Underground Pipes, Flues, Or Drains

- a. You may extend the insurance provided by this Coverage Part to apply to loss or damage to:

- (1) Bridges, roadways, walks, patios or other paved surfaces on the same parcel of property as a building described in the Declarations;
 - (2) Foundations of buildings or structures that are part of a building or structure described in the Declarations; and
 - (3) Underground pipes, flues or drains that are part of a building described in the Declarations.
- b. The most we will pay for loss or damage under this Extension is \$5,000 in any one policy year, regardless of the number of occurrences of loss or the number of premises.
 - c. To the extent that coverage for bridges, roadways, walks, patios or other paved surfaces, foundations of buildings and underground pipes, flues or drains is provided under this Extension, the provisions of **Property Not Covered** in the **Coverage** section do not apply.
3. The following is **added** to Paragraph **5. Coverage Extensions** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable:

Computer Equipment

- a. You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to:
 - (1) "Computer equipment" that is:
 - (a) Your property; or
 - (b) The property of others that is in your care, custody or control;
 - (2) Your instructional material and prepackaged software programs purchased for use with your computer system; and
 - (3) Your blank electronic or magnetic media.
 - b. The following Exclusions in **Section B. - Exclusions** of the **Causes Of Loss – Special Form** do not apply to this Extension:
 - (1) Exclusion **B.1.e. Utility Services**;
 - (2) Exclusion **B.2.a.** (Artificially generated electric current);
 - (3) Exclusion **B.2.d.(6)** (Mechanical breakdown); and
 - (4) Exclusion **B.2.d.(7)** (Dampness or dryness of atmosphere, changes in or extremes of temperature and marring or scratching).
 - c. The most we will pay for loss or damage under this Extension is \$25,000 at each described premises.
4. All reference to distance from the described building, structure or premises is **increased** to 1,000 feet in Paragraph **1. Covered Property** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form**, or **Condominium Association Coverage Form**, whichever is applicable.

However, this Extension does not apply to personal property within a building or structure owned or occupied by the insured unless the building or structure is described in the Declarations. In this case, the distance from the described building, structure or premises remains at 100 feet as shown in the applicable Coverage Form.

5. The following is **added** to Paragraph **5. Coverage Extensions** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable:

Employee Theft

- a. You may extend the insurance provided by this Coverage Part to apply to the loss of or damage to "money", "securities", and "other property" resulting directly from theft committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

- b. We will not pay for:
 - (1) Loss or damage resulting from theft committed by:
 - (a) You, your partners or your "members";
 - (b) Your "managers", directors, officers, trustees or authorized representatives; or
 - (c) Anyone to whom you entrust the property for any purpose; whether acting alone or in collusion with other persons.
 - (2) Loss or damage when the only proof of the existence or amount of loss or damage is one or both of the following:
 - (a) An inventory computation; or
 - (b) A profit and loss computation.
 - c. For the purposes of this Extension, theft shall also include "forgery".
 - d. The most we will pay for loss or damage under this Extension is \$10,000, unless a higher limit for employee theft is shown in the Summary section of this endorsement. This limit is the most we will pay for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises or locations involved.
 - e. This Extension does not apply to loss caused by any "employee" after discovery by:
 - (1) You; or
 - (2) Any of your partners, officers or directors, trustees or "members" or "managers" not in collusion with the "employee";
 of theft committed by that "employee" before or after being hired by you.
 - f. We will pay only for covered loss or damage:
 - (1) Sustained during the policy period; and
 - (2) Discovered by you no later than one year from the end of the policy period.
 - g. To the extent that coverage for "money" and "securities" is provided under this Extension, the provisions of **Property Not Covered** in the **Coverage** section do not apply.
 - h. To the extent that coverage for employee theft is provided under this Extension, the provisions of **2.h.** in **B. Exclusions** of the **Causes Of Loss – Special Form** do not apply.
6. The following is **added** to Paragraph **4. Additional Coverages** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable:
- Extra Expense**
- a. You may extend this insurance to apply to the actual and necessary "extra expense" you sustain due to direct physical loss of or damage to Covered Property at the premises that are described in the Declarations. The loss or damage must be caused by or resulting from a Covered Cause of Loss.
 - b. The most we will pay for loss under this Extension is \$ 5,000 at each described premises.
7. The following is **added** to Paragraph **5. Coverage Extensions** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable:
- Fine Arts**
- a. You may extend the insurance provided by this Coverage Part to apply to "fine arts".
 - b. The most we will pay for loss or damages under this Extension is \$10,000.
8. In Paragraph **c. Fire Department Service Charge** of **4. Additional Coverages** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable, the amount up to which we will pay is **increased** to \$10,000.

9. The following is **added** to Paragraph **4. Additional Coverages** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable:

Fire Protection Equipment

When you use your fire protection equipment, or your fire protection equipment automatically discharges to protect Covered Property from a Covered Cause of Loss, we will pay up to \$10,000 of your costs to recharge your fire protection equipment.

Neither the Deductible nor the Coinsurance Additional Condition apply to this coverage.

10. The following is **added** to Paragraph **5. Coverage Extensions** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable:

Money And Securities

- a. You may extend the insurance provided by this Coverage Part to apply to the:

- (1) Loss of "money" and "securities" used in your business while inside the "premises" or "banking premises" resulting directly from:
 - (a) Theft committed by a person present inside such "premises" or "banking premises"; or
 - (b) Disappearance or destruction;
- (2) Loss from damage to the "premises" or its exterior resulting directly from an actual or attempted theft of "money" and "securities", if you are the owner of the "premises" or are liable for damage to it;
- (3) Loss of or damage to a locked safe, vault, cash register, cash box, or cash drawer located inside the "premises" resulting directly from an actual or attempted theft of, or unlawful entry into, those containers; or
- (4) Loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from theft, disappearance, or destruction.

- b. We will not pay for:

- (1) Loss resulting from accounting or arithmetical errors or omissions.
- (2) Loss resulting from the giving or surrendering of property in any exchange or purchase.
- (3) Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

- c. The most we will pay for loss or damage under this Extension is \$10,000, unless a higher limit for money and securities is shown in the Summary section of this endorsement. This limit is the most we will pay for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises or locations involved.

- d. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

- e. To the extent that coverage for "money" and "securities" is provided under this Extension, the provisions of **Property Not Covered** in the **Coverage** section do not apply.

11. In Paragraph **e. Outdoor Property** of **5. Coverage Extensions** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable, the most we will pay is **increased** to \$10,000, but not more than \$500 for any one tree, shrub or plant for the coverage provided.

12. The second paragraph of **Section C. - Limits Of Insurance** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable, is **replaced** by the following:

Outdoor Signs

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a

building, is \$10,000, unless a higher limit for outdoor signs is shown in the Summary section of this endorsement. This limit applies per sign in any one occurrence. If another endorsement provides coverage for described outdoor sign(s), this coverage does not apply to those outdoor sign(s).

13. In Paragraph **b. Personal Effects And Property Of Others** of **5. Coverage Extensions** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable, the most we will pay is **increased** to \$10,000.
14. In Paragraph **d. Pollutant Clean-up And Removal** of **4. Additional Coverages** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable, the most we will pay is **increased** to \$25,000.

To the extent that coverage for pollutant clean-up and removal is provided under this Additional Coverage, the provisions of form F201 Exclusion – Property Pollution do not apply.

15. The Limit Of Insurance in Paragraph **c. Property In Transit** of **Section F. - Additional Coverage Extensions** of the **Causes Of Loss - Special Form** is **increased** to \$10,000.
16. Paragraph **d. Property Off-Premises** of **5. Coverage Extensions** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable, is **replaced** by the following:

Property Off Premises

- a. You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (1) Temporarily at a location you do not own, lease or operate;
 - (2) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (3) At any fair, trade show or exhibition.
 - b. This Extension does not apply to property in or on a vehicle.
 - c. The most we will pay for loss or damage under this Extension is \$15,000.
17. The following is **added** to Paragraph **4. Additional Coverages** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable:

Reward Payment

- a. We will reimburse you for rewards paid as follows:
 - (1) Up to \$10,000 to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss of or damage to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:
 - (a) Actual cash value of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or
 - (b) The amount determined by the loss settlement procedure applicable to the Covered Property under the Loss Payment Condition.
 - (2) Up to \$10,000 to an eligible person for the return of stolen Covered Property, when the loss is caused by theft. However, we will pay no more than the lesser of the following amounts:
 - (a) Actual cash value based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or
 - (b) The amount determined by the loss settlement procedure applicable to the returned Covered Property under the Loss Payment Condition.
- b. This Additional Coverage applies subject to the following conditions:
 - (1) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the information leading to the arrest and conviction or return of the stolen Covered Property, and who is not:

- (a) You or any family member;
 - (b) Your employee or any of his or her family members;
 - (c) An employee of a law enforcement agency;
 - (d) An employee of a business engaged in property protection;
 - (e) Any person who had custody of the Covered Property at the time the theft was committed; or
 - (f) Any person involved in the crime.
- (2) No reward will be reimbursed unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.
- (3) The lesser of the amount of the reward or \$10,000 is the most we will reimburse for loss under this Additional Coverage in any one occurrence.

18. The following is **added** to Paragraph 5. **Coverage Extensions** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable:

Spoilage Coverage

- a. You may extend the insurance provided by Your Business Personal Property to apply to direct physical loss or damage by the Covered Causes of Loss to "perishable stock" at the described premises owned by you or by others that is in your care, custody or control; but only with respect to the coverage provided by this Extension.
- b. With respect to the coverage provided by this Extension, property located on the buildings or in the open or in vehicles is considered to be Property Not Covered.
- c. With respect to the coverage provided by this Extension, Paragraph 3. **Covered Causes Of Loss** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable, is **replaced** by the following:

Covered Causes of Loss means the following:

- (1) Breakdown or Contamination, meaning:
 - (a) Change in temperature or humidity resulting from mechanical breakdown or failure of refrigerating, cooling or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; and
 - (b) Contamination by the refrigerant.
- (2) Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

- d. Paragraph 5. **Coverage Extensions** of **Section A. - Coverage** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable, does **not** apply.
- e. **Section B. - Exclusions** of the **Causes Of Loss – Special Form** is **amended** as follows:

B. Exclusions

- 1. Only the following Exclusions contained in Paragraph 1. of **Section B. – Exclusions** of the **Causes Of Loss – Special Form** applicable to this Coverage Part apply to Spoilage Coverage:
 - a. Earth Movement;
 - b. Governmental Action;
 - c. Nuclear Hazard;
 - d. War And Military Action;
 - e. Water; and
 the Cyber Incident Exclusion or the Cyber Incident Exclusion With Ensuing Cause(s) Of Loss Exceptions, whichever applies.

2. The following Exclusions are **added**:

We will not pay for loss or damage caused by or resulting from:

- a. The disconnection of any refrigerating, cooling, or humidity control system from the source of power.
- b. The deactivation of electrical power caused by manipulation of any switch or other device used to control the flow of electrical power or current.
- c. The inability of an Electrical Utility Company or other power source to provide sufficient power due to:
 - (1) Lack of fuel; or
 - (2) Governmental order.
- d. The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.
- e. Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

f. The following is **added** to **Section F. - Additional Conditions** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable:

Additional Condition

The following condition applies in addition to the **Common Policy Conditions** and the **Commercial Property Conditions**:

Refrigeration Maintenance Agreement

You must maintain a refrigeration maintenance or service agreement. If you voluntarily terminate this agreement and do not notify us, the insurance provided by this Coverage Extension will be automatically suspended at the involved location.

- g. **Section G. - Optional Coverages** of the **Building And Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable, does **not** apply.
- h. The most we will pay for loss or damage under this Extension is \$10,000 at each described premises, unless a higher limit for spoilage is shown in the Summary section of this endorsement. Our payment for loss or damage to property of others will only be for the account of the owner of the property.

19. Paragraph (4) of **c. Valuable Papers And Records (Other Than Electronic Data)** of **5. Coverage Extensions** of **Section A. - Coverage** of the **Building and Personal Property Coverage Form** or **Condominium Association Coverage Form**, whichever is applicable, is **replaced** by the following:

- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$25,000 at each described premises, unless a higher limit for valuable papers and records is shown in the Summary section of this endorsement. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

20. The following additional coverage extension is **added** to **Section F. - Additional Coverage Extensions** of the **Causes Of Loss – Special Form**:

Water Back Up Or Overflow From Sewer, Drain Or Sump

- a. You may extend the insurance provided by this Coverage Part to apply to loss or damage to Covered Property caused by or resulting from water that backs up or overflows from a sewer, drain or sump.
- b. For the purposes of this Extension, the term drain includes a roof drain and related fixtures.
- c. There is no coverage under this Extension if the discharge results from an insured's failure to perform routine maintenance or repair necessary to keep a sewer or drain or a sump, sump pump or related

equipment free from obstruction and in proper working condition. This limitation does not apply to sudden mechanical breakdown of a sump pump or its related equipment, provided the breakdown is not the result of an insured's negligence.

- d. Exclusion (3) of 1.g. Water in Section B. Exclusions of the Causes Of Loss – Special Form does not apply for the purposes of the coverage provided under this Extension.
- e. The most we will pay under this Extension is \$10,000, unless a higher limit for water back up or overflow is shown in the Summary section of this endorsement. This limit applies for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises or locations involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

B. The following definitions are added to the Definitions sections of the Building And Personal Property Coverage Form or Condominium Association Coverage Form, whichever is applicable, and Causes Of Loss – Special Form:

- 1. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
- 2. "Computer equipment" means:
 - a. Programmable electronic equipment that is used to store, retrieve and process electronic data; and
 - b. Associated peripheral equipment that provides communication, including input and output functions such as printing or auxiliary functions such as electronic data transmission.

"Computer equipment" does not mean cellular phone, wireless phone or pager. It also does not include data or media.

- 3. "Employee"
 - a. With respect to the coverage provided in section 4. Employee Theft means:
 - (1) Any natural person:
 - (a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to theft or any other dishonest act committed by the "employee";
 - (b) Whom you compensate directly by salary, wages or commissions; and
 - (c) Whom you have the right to direct and control while performing services for you;
 - (2) Any natural person who is furnished temporarily to you:
 - (a) To substitute for a permanent "employee", as defined in Paragraph 3.a.(1), who is on leave; or
 - (b) To meet seasonal or short-term work load conditions;while that person is subject to your direction and control and performing services for you;
 - (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary "employee" as defined in Paragraph 3.a.(2);
 - (4) Any natural person who is:
 - (a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; or
 - (b) Your director or trustee while that person is engaged in handling "money", "securities" or "other property" of any "employee benefit plan";
 - (5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained by you as a consultant while performing services for you;

- (6) Any natural person who is a guest student or intern pursuing studies or duties;
 - (7) Any natural person employed by an entity merged or consolidated with you prior to the effective date of this policy; and
 - (8) Any natural person who is your “manager”, director or trustee while:
 - (a) Performing acts within the scope of the usual duties of an “employee”; or
 - (b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.
- b. Does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph 3.a.
4. “Employee benefit plan” means any welfare or pension benefit plan that you sponsor and that is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.
 5. "Extra Expense" means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property. Coverage pertains to expenses (other than the expense to repair or replace property) that are incurred to:
 - a. Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location;
 - b. Minimize the "suspension" of business if you cannot continue "operations"; or
 - c. Repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Extension.
 6. “Fine arts” includes, but is not limited to, antiques, paintings, etchings, drawings, tapestries, sculptures and fragile property such as porcelains, china and marble.
 7. “Forgery” means the signing of the name of another person or organization with intent to deceive, it does not mean a signature which consists in whole or in part of one’s own name signed with or without authority, in any capacity, for any purpose.
 8. “Manager” means a natural person serving in a directorial capacity for a limited liability company.
 9. “Member” means an owner of a limited liability company represented by its membership interest who, if a natural person, may also serve as a “manager”.
 10. “Messenger” means you, or your relative, or any of your partners or “members”, or any “employee” while having care and custody of property outside the “premises”.
 11. “Money” means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
 12. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.
 13. "Operations" means your business activities occurring at the described premises.
 14. "Period of restoration" means the period of time that:
 - a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- a. Regulates the construction, use or repair, or requires the tearing down of any property; or
- b. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the Period of Restoration.

15. "Perishable Stock" means personal property:

- a. Maintained under controlled conditions for its preservation; and
- b. Susceptible to loss or damage if the controlled conditions change.

16. "Premises", as it applies to coverage for Money and Securities, means the interior of that portion of any building you occupy in conducting your business.

17. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

18. "Suspension" means the slowdown or cessation of your business activities.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL LOSS ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A. In the event of a total loss or a "constructive total loss" of the Covered Property, the premium for that Covered Property will be fully earned and no refund will be made.
- B. For the purpose of this endorsement the following is **added** to the **Definitions** section:
"Constructive total loss" means Covered Property that is damaged and is treated as a total loss because the cost of repairing the damaged Covered Property exceeds the value of the Covered Property.

All other terms and conditions of the policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
 - a.** Any of the following, whether belonging to any insured or to others:
 - (1)** Computer hardware, including micro-processors;
 - (2)** Computer application software;
 - (3)** Computer operating systems and related software;
 - (4)** Computer networks;
 - (5)** Microprocessors (computer chips) not part of any computer system; or
 - (6)** Any other computerized or electronic equipment or components; or
 - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
 - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 - 2.** Under the Commercial Property Coverage Part:
 - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
 - b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph **C**) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph **B.** applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

D. Application Of Other Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANNABIS OPERATIONS – LIMITATIONS

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

A. The following is added to A.1.b. Your Business Personal Property:

Your “stock” of “cannabis” if such “stock” is permitted under an applicable state or local statute, regulation or ordinance, in the state where such “stock” is located.

B. The following is added to A.2. Property Not Covered:

1. Growing “cannabis” plants
2. “Cannabis”, except:
 - a. To the extent coverage is provided under **A.** above.
 - b. Goods or products containing or derived from hemp, including, but not limited to seeds, food, clothing, lotions, oils or extracts, building materials, or paper.

C. To the extent coverage is provided under A., paragraph e. of A.2. Property Not Covered does not apply

D. We will determine the value of Covered Property in the event of loss or damage to “cannabis” “stock” at “fair market value”.

E. The following definitions are added:

1. “Cannabis”:
 - a. Means:

Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.
 - b. Paragraph **E.1.a.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:
 - (1) Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or
 - (2) Any compound, byproduct, extract, derivative, mixture or combination, such as:
 - (a) Resin, oil or wax;
 - (b) Hash or hemp; or
 - (c) Infused liquid or edible cannabis;

whether or not derived from any plant or part of any plant set forth in **E.1.b.(1)**.
2. “Fair market value” means:
 - a. The price the “cannabis” “stock” could have been sold for as of the time and place of loss or damage, if no loss or damage occurred;
 - b. The price shown on the receipt paid by you when the “cannabis” “stock” was acquired less discounts and expenses you otherwise would have had; or
 - c. The market price of replaceable “cannabis” of like kind and quality as of the time of loss or damage; whichever is less.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BURGLARY AND ROBBERY – REQUIRED PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

Premises No.	SCHEDULE Building No.	Protective Safeguards Symbols Applicable
1	1	BR-1, BR-2, BR-3, BR-4, BR-5, BR-6, BR-7 and BR-8

Describe any "BR-8": 1, 1- greeter, panic alarm, shatter-proof windows

A. The following is **added** to the Commercial Property Conditions:

Burglary And Robbery Protective Safeguards

As a condition of this insurance, you are required to:

1. Maintain the protective safeguards listed in the Schedule, and over which you have control, in complete working order;
2. Actively engage any automatic burglary alarm or other automatic system listed in the Schedule and maintain it in the "on" position during all non-work hours and whenever the premises are unoccupied;
3. Actively engage an automatic burglary alarm or other automatic system, or parts thereof, in accordance with any other requirements, if any, indicated in the Schedule; and
4. Notify us if you know of any suspension of or impairment in any protective safeguard listed in the Schedule.

However, notification to us of the suspension of or impairment in an automatic burglary alarm or other automatic system listed in the Schedule will not be necessary if you:

- a. Can restore full protection within 48 hours of the suspension or impairment;
- b. Provide at least one watchperson or other means of surveillance at the premises during all non-work hours and whenever the premises are otherwise unoccupied; and
- c. Provide at least one watchperson or other means of surveillance during work hours if the Schedule requires that the premises or part thereof be protected during work hours.

B. The following is **added** to the **Exclusions** section of the Causes Of Loss – Special Form:

Burglary And Robbery Protective Safeguards

We will not pay for loss or damage caused by or resulting from theft if, prior to the theft, you failed to comply with any condition set forth in Paragraph A.

C. The protective safeguards to which this endorsement applies are identified by the following symbols:

1. **"BR-1" Automatic Burglary Alarm**, protecting the entire building, including being connected to all doors and windows, that signals to:
 - a. An outside central station; or
 - b. A police station.
2. **"BR-2" Armed Security Guard**, guarding the interior of the building during work hours.
3. **"BR-3" Unarmed Security Guard**, guarding the interior of the building during work hours.
4. **"BR-4" Interior and Exterior Cameras**, equal to or greater than the requirements specified by state law in respects to the number of cameras, where they are situated, resolution and storage capacity.
5. **"BR-5" Motion Sensor Cameras**, equal to or greater than the requirements specified by state law in respects to the number of cameras, where they are situated, resolution and storage capacity.
6. **"BR-6" Locked Safe, Vault, Metal Shipping Container or Security Cage**, that meets the following requirements (as applicable):
 - a. A Safe must weigh 550 pounds or more. If a safe weighs less than 2,000 pounds it must be bolted to the floor.
 - b. A Vault must:
 - (1) Be fully built within an existing permanent structure.
 - (2) Be completely enclosed with walls and doors built or lined with steel, concrete or other similarly reinforced materials.
 - (3) Not have windows.
 - (4) Have the door connected to a central station burglar alarm and have motion sensors on the interior.
 - c. A Metal Shipping Container must:
 - (1) Not have windows.
 - (2) Weigh 800 pounds or more. If a metal shipping container weighs less than 2,000 pounds it must be bolted to the floor.
 - d. A Security Cage must:
 - (1) Be completely enclosed.
 - (2) Be bolted to the floor.
 - (3) Have all bolts or fasteners welded to the cage.
 - (4) Have at least two locks.
7. **"BR-7" Locked Show Windows and Showcases**, protecting property on display during work hours and non-work hours. Show windows and showcases are made of shatterproof laminated glass or burglary resistive glazing materials such as polycarbonate or acrylic. Taped windows do not meet this requirement.
8. **"BR-8"** The protective safeguard described in the Schedule.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THEFT LIMITATION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

SCHEDULE

Prem. No.	Bldg. No.	Limit Of Insurance For Theft	Percent Of Loss Payable For Theft Of Unsecured "Cannabis" "Stock"	Limit Of Insurance For Theft Of Unsecured "Cannabis" "Stock"
1	1	\$ 250,000	20 %	\$ 50,000
		\$	%	\$
		\$	%	\$
		\$	%	\$
		\$	%	\$
		\$	%	\$

A. The following is **added** to Section **C. Limitations** of the Causes Of Loss – Special Form; and the **Additional Coverages** sections of the Causes Of Loss – Basic Form and Causes Of Loss – Broad Form

1. We will not pay for that portion of the loss or damage caused by, resulting from, or arising out of theft of covered property that exceeds the Limit Of Insurance For Theft shown in the Schedule of this endorsement.

Subject to the Limit of Insurance For Theft, the maximum loss amount payable for "cannabis" "stock" not secured in a locked safe, vault, metal shipping container or security cage during non-work hours is the lesser of the:

- a. Percentage shown in the Schedule multiplied by the total of all loss or damage to unsecured "cannabis" "stock"; or
- b. Limit of Insurance For Theft Of Unsecured Cannabis Stock shown in the Schedule.

2. The Limits Of Insurance shown in the Schedule of this endorsement are part of, not in addition to, the Limits Of Insurance applicable to the Covered Property designated in the Schedule of this endorsement.

3. However, this limitation does not apply to:

- a. Loss or damage that occurs due to looting at the time and place of a riot or civil commotion; or
- b. Building damage caused by the breaking in or exiting of burglars.

4. If loss or damage is caused by, results from, or arises out of any other Covered Cause of Loss, we will pay for that loss or damage.

B. If applicable in the Coverage Form(s) attached to this Coverage Part, the **Coinsurance** Condition does not apply to the insurance provided by this endorsement.

All other terms and conditions remain unchanged.

Admiral

INSURANCE GROUP

1 a Berkley Company

COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS

CARRIER **Admiral Insurance Company** **\$5,000.00**
REJECTED

POLICY NUMBER **CA000044977-01** **\$200.00**

LIMITS OF INSURANCE **\$250.00**

Each Occurrence Limit	\$	1,000,000	
General Aggregate Limit (Other Than Products- Completed Operations)	\$	2,000,000	
Products - Completed Operations Aggregate Limit	\$	2,000,000	\$5,450.00
Personal and Advertising Injury Limit	\$	1,000,000	
Damage To Premises Rented To You Limit	\$	300,000	Any One Premises
Medical Expense Limit	\$	EXCLUDED	Any One Person

RETROACTIVE DATE

April 20, 2022

PREMIUM

Classification	Code	Premium Basis	Rate	Per	Advance Premium
MARIJUANA - RETAIL STORES - NO ON PREMISES-CONSUMPTION	19991	\$1,660,000	\$3.01	\$1,000 Sales	\$5,000.00
Total Advance Premium					\$5,000.00
Minimum Term Premium					\$5,000.00

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

CANNABIS BUDTENDER PROFESSIONAL LIABILITY INSURANCE COVERAGE

CLAIMS-MADE COVERAGE ADDITIONAL DECLARATIONS SCHEDULE

Limits Of Insurance	
Each Claim Limit - Including Claims Expenses (Payments from this limit reduce the Each Occurrence Limit shown in the Declarations)	\$ 100,000
Aggregate Limit for All Claims - Including Claims Expenses (Payments from this limit reduce the General Aggregate Limit shown in the Declarations)	\$ 100,000
Deductible	
Applicable to Each Claim (Payments under this deductible reduce the General Aggregate Limit shown in the Declarations)	\$ 2,500
Coverage Retroactive Date	
Retroactive Date applicable to this coverage: 04/20/2022 for this policy	

THIS IS A CLAIMS-MADE COVERAGE. PLEASE READ THIS POLICY AND THIS COVERAGE CAREFULLY. THE LIMITS OF INSURANCE AVAILABLE WILL BE REDUCED BY THE AMOUNTS PAID FOR DAMAGES AND CLAIM EXPENSES.

Certain terms are defined in the policy to which this coverage is attached. Words that are in quotation marks throughout this coverage are defined terms within the DEFINITIONS section of this coverage. Where words and phrases are defined in this coverage and elsewhere in this policy, the words and phrases will have the meaning described in this coverage.

In consideration of the premium paid, in reliance upon the statements in the Application(s) and subject to the terms and conditions of this coverage and the policy to which it is attached, we agree with the Named Insured as follows:

Except to the extent coverage is afforded under **COVERAGE D - PROFESSIONAL LIABILITY** below, this insurance does not apply to "bodily injury", "property damage", "personal and advertising injury" or damages of any kind, including costs or expenses, actually or allegedly arising out of, related to, caused by, contributed to by, or in any way connected with past, present or future claims or "suits" arising in whole or in part, either directly or indirectly, out of the rendering of or the failure to render any professional service by or on behalf of any "Insured".

COVERAGE D - PROFESSIONAL LIABILITY

COVERAGE D - I. INSURING AGREEMENTS


- A. We will pay on behalf of the Named Insured those amounts which the Named Insured is legally obligated to pay as "damages" caused by a "professional incident" taking place within the "coverage territory" and occurring in its entirety after the Retroactive Date shown in the ADDITIONAL DECLARATIONS SCHEDULE above and before the end of the policy period, for which a "claim" is first made against the Named Insured during the policy period or any extended reporting period we provide.
- B. We have the right and duty to defend any "claim" brought against the "Insured" seeking "damages" caused by a "professional incident" to which this coverage applies, including the right to appoint counsel to defend the "Insured", and will do so even if any of the allegations of the "claim" are groundless, false or fraudulent. We may make such investigation of any "claim" as we deem expedient. Our right and duty to defend ends when we have used up the applicable Limits of Insurance in the payment of "damages" and/or "claim expenses", or have tendered the applicable Limits of Insurance to a court of competent jurisdiction. We have no obligation or duty under this coverage to defend any "claim" for which coverage is excluded hereunder or not otherwise afforded by this coverage and we are not obligated hereunder to pay any "claim expenses" incurred by the "Insured" in the defense of any "claim" not covered by this coverage.
- C. We will have the right to make any settlement of a "claim" under this coverage. We shall retain the right and duty to defend any "claim" brought against the "Insured" seeking "damages" caused by a "professional incident" to which this coverage applies, including the right to appoint counsel.



JimBuddy's Rec Shop obtained liability insurance in April 2022.

Attached insurance documents:

1. Deductible
2. GL Insurance
3. Insurance Policy Property
4. Insurance ENDT Correction

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Standard Operating Procedure MAINTAINING OF FINANCIAL RECORDS

1. Purpose

Good record keeping is essential to ensuring our business runs smoothly. It will allow us to track the business' progress and stay organized. It will also help JimBuddy's Rec Shop remain in compliance.

2. Scope

The scope of this SOP is to explain how the financial records will be maintained.

3. Prerequisites

The records of the Marijuana Retail Establishment shall be maintained in accordance with generally accepted accounting principles. JimBuddy's will utilize a POS system approved by the Commission, in accordance with the DOR.

4. Responsibilities

All employees shall receive training on confidentiality. Everyone is responsible for keeping information confidential.


5. Procedure

JimBuddy's Rec Shop shall keep and maintain upon the permitted premises for a six-year period true, complete, legible and current books and records, including but not limited to the following:

- Inventory tracking including transport of cannabis and cannabis infused products;
- Sales and compliance;
- Financial records including Company income, expenses, bank deposits and withdrawals, and audit reports;
- Logs of entry and exit for dispensary facilities;
- Employee records;
- Security recordings;

The dispensary will submit quarterly reports on the 15th of each quarter, thus, on January 15, April 15, July 15 and October 15. (Reports will be considered on time if submitted the next day if the 15th is a Saturday, Sunday or a State holiday). Reports shall include, but are not limited to pursuant to 935 CMR 500.105:

- Records of entry and exit for all individuals who entered the facility.
- Amounts by category of cannabis products offered for sale by the dispensary.
- Amounts by category of cannabis and manufactured cannabis products sold by the dispensary.
- A list of all cannabis, cannabis infused products or unusable cannabis materials that have been destroyed or will be destroyed by the dispensary.
- A summary of the financial statement.
- Laboratory results of all tests that were conducted.

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- Description of any breach or halt in the dispensary's security system and tracking system
- Any additional information requested by the department.

Record Retention - The establishment shall retain for a minimum of six years business operation records including but not limited to:

- Inventory records as required by 935 CMR 500.105(8);
- Seed-to-sale tracking records for all cannabis products as required by 935 CMR 500.105(8)(e).
- Written operating procedures as required by 935 CMR 500.105(1).
- Financial records to include but not limited to:
 - assets and liabilities;
 - bank deposits and withdrawals;
 - accounting books;
 - sales reports including the quantity, form and cost of cannabis products;
 - salary wages paid to each employee, stipend paid to each board member and any executive compensation, bonus, benefit, or item of value paid to any individual affiliated with JimBuddy's;
- Logs of entry and exit for dispensary facilities; and
- Employee records.

In the event the establishment was to cease operations, all records will be kept for at least two years, in a form and location acceptable to the Commission.

JimBuddy's Rec Shop shall conduct a monthly analysis of its equipment and sales data to determine that no software has been installed that could be utilized to manipulate or alter sales data and that no other methodology has been employed to manipulate or alter sales data. The Company shall maintain records that it has performed of the monthly analysis and produce it upon request to the Commission. If it is determined that software has been installed for the purpose of manipulation or alteration of sales data or other methods have been utilized to manipulate or alter sales data:

- It shall immediately disclose the information to the Commission;
- Cooperate with the Commissions in any investigation regarding manipulation or alteration of sales data; and
- Take such other action directed by the Commission to comply with 935 CMR 500.105.


JimBuddy's shall adopt separate accounting practices at the point-of-sale for cannabis and cannabis infused product sales, and non-cannabis sales.

6. References

Reference SOPs for Cash Management and Record Keeping. All records will be maintained and stored as set forth under state regulations 935 CMR 500.105(8) & (9). In addition, all retailers shall comply with 830 CMR 62C.25.1: Record Retention and DOR Directive 16-1 regarding record keeping requirements.

7. Reporting

All files are available for inspection by the Commission, upon request. The Compliance Manager will ensure reports are accurate and on-time.

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Standard Operating Procedure RECORDKEEPING

1. Purpose

The purpose of this document is to detail the recordkeeping requirements.

2. Scope

THE scope of this document shall outline the types of records that will be required for record keeping retention.

3. Prerequisites

Specific training in backroom procedures, record databases, and protocols for record retention and destruction.

File storage location shall remain in limited access areas and secured with locks.

4. Responsibilities

Maintain and file all information and documents associated with record retention.

Senior level employees may destroy records, but only upon clearance with the Director of Operations, who will provide time frames for record destruction based on regulations and state record retention law.

5. Procedure

JimBuddy's Rec Shop will retain all records in both physical and electronic forms. Electronic data will be encrypted and stored on secure servers in secure storage areas under 24-hour surveillance. The locked storage room is in a limited access area. All records will be stored as required under 935 CMR 500.105(8) and (9).


Records and Documents Storage Retention – Unless otherwise specified, JimBuddy's will retain and maintain all records and duplicate sets of records for a minimum of seven (7) years.

Reports – Custom inventory reports can be generated upon request.


- Reports can be created through the POS system and the Seed-to-Sale inventory software.
- Within the inventory control system, the establishment will be able to generate a list of all products along with their specifications that were offered for distribution.
 - This list can be generated for all products offered with specific date ranges.

Record Retention - The establishment shall retain the business operation records including but not limited to:


- ***Written Operating Procedures*** as required by **935 CMR 500.105(1)**. Written operating procedures, referred to as Standard Operating Procedures (SOP), shall be available in printed version referred to as SOP Documents Book and in a digital data format on a secure server. The SOP Documents Book shall be available upon request.

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- **Inventory Records** shall be maintained as monthly and yearly reports. Inventory records shall include Seed-to-Sale receiving reports, Seed-to-Sale sales reports, manifests, inventory audits, applicable financial records, and any other supporting documentation such as waste disposal, vendor samples distribution, transfers or incidents of diversion or loss if applicable.
- **Seed-to-Sale** electronic tracking system records shall be used to record all inventory transfers, daily internal movements, sales, disposal, vendor sample distribution, receipts, or any other inventory tracking requirements. Seed-to-Sale reports shall be part of monthly and yearly reports and available upon request.
- **Financial Records** be maintained and included, if applicable, as part of monthly and yearly reports. Financial records shall include the following:
 - A. Assets and liabilities
 - B. Bank deposits
 - C. Accounting books which shall include journals, ledgers, and supporting documents, agreements, checks, invoices, and vouchers
 - D. Sales reports including quantity, form, and cost of cannabis products
 - E. Salary and wages paid to employee, or stipend, executive compensation, bonus, benefit, or item of value paid to any persons having direct or indirect control over the marijuana establishment
- **Personnel Files** shall be treated as confidential information and maintained in accordance with **SOP149 – Confidential Information**. All employee records shall be maintained for at least 12 months after termination of employee's affiliation with JimBuddy's Rec Shop. Each employee or volunteer shall have an individual personnel file that includes the following:
 - **Employee Information Form** which shall contain
 - Contact information (Name, Address, Telephone #, Email Address)
 - Date of Birth
 - Employment Hire Date
 - Employment End Date
 - Job Title
 - Job Description (including if applicable employment contract, duties, responsibilities, qualification, authority, and supervision) consistent with the JimBuddy's organizational chart
 - Salary
 - Employment status (Full/Part Time)
 - Emergency Contact Information
 - Any additional accommodations and/or considerations (Medical Condition, Disability or other)
 - Employee resume, cover letter, and references
 - JimBuddy's Rec Shop Handbook Acknowledgement of Receipt and Review form
 - Documentation of verification of employee references
 - All materials submitted to the Commission as per **935 CMR 500.030(2)** which shall include employee's agent registration Attestation & Acknowledgment Form and Acknowledgment & Authorization for Background Investigation Form
 - Employee Training Record form complete with required mandatory training (RVT), Basic Core Curriculum, internal training sessions, any other relative training sessions (Metr) and any official certificates associated with training (training records to be maintained for at least 4 years).

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- Employee Performance Evaluation Forms
 - Employee Disciplinary Action Form, if applicable
 - W-4 Employee Withholding Certificate
 - M-4 Massachusetts Employee Withholding Exemption Certificate
 - I-9 Employment Eligibility Verification
 - Direct Deposit Form
- **Personnel Policies and Procedures** shall be maintained and available within the **JimBuddy's Rec Shop Handbook** and the **SOP & Documents Book**.
 - The **JimBuddy's Rec Shop Handbook** shall contain the following policies:
 - Code of Ethics
 - Whistleblower Policy
 - Organizational Policy
 - Hiring and Orientation Policy, including disabilities, pregnancy, and discrimination policies
 - Wage and Hour Policy
 - Performance and Termination Policy
 - General Policies
 - Benefits associated with Holidays, Paid Sick Time, Vacation Time, Leaves of Absence and FMLA
 - Confidential Information
 - **SOP & Documents Book** shall contain the following:
 - General Operating Policies
 - Security Measures and Protocols
 - Emergency Action Plans
 - Incident Reporting & Protocols
 - Recordkeeping Requirements
 - Inventory Processing & Controls
 - General Information Documents
 - Systems and Operation Procedures
 - Training Documents
 - **Background Check Reports** shall be obtained in accordance with **M.G.L. c. 6 § 172, 935 CMR 500.209, 935 CMR 500.030, and 803 CMR 2.00 Criminal Offense Record Information (CORI)**
 - **Business Documents** which will include Assets and Liabilities, proof of Liability Insurance, proof of Surety Bond, Business License any other relative documentation shall be maintained in the **Business Documents Book**.
 - **Waste Disposal** shall be as required by **935 CMR 500.105(12)** and in accordance with **SOP143 Cannabis Waste Disposal**. Waste disposal records shall be held for a minimum of (3) years and may be automatically extended for the duration of any disciplinary action and may be extended by an order of the Commission.
 - **Cannabis Shipping Records** shall be recorded in the Seed-to-Sale tracking system (Metrc) in accordance with **935 CMR 500.105(13)** and **SOP203 – Cannabis Shipping and Transfers**. All manifests associated with cannabis shipping shall be retained for a minimum of (1) year.


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- **Cannabis Receiving Records** shall be recorded in the Seed-to-Sale tracking system (Metrc) in accordance with **935 CMR 500.105(13)** and **SOP202 – Cannabis Receiving Process**. All manifests associated with cannabis receiving shall be retained for a minimum of (1) year.
- **Vendor Sample Records** shall be received into the Seed-to-Sale tracking system. Vendor Sample distribution shall be in accordance with **SOP205 – Vendor Samples** and on the **SF205 - Vendor Sample Distribution** document. The distribution shall be available upon request.
- **Security Incidents** in any form outlined in **SOP170 – Security Incident Reporting** shall be maintained for not less than (1) year or the duration of the open investigation, which ever is longer, and made available to the Commission and Law Enforcement Authorities within their lawful jurisdiction upon request.
- **Security Audits** in accordance with **SOP501 – Security Audits** shall be maintained and made available upon request.
- **ERP Sales System Audits** in accordance with **SOP502 – ERP Sales System Audits** shall be maintained and made available upon request.
- **Inventory Count Records** in accordance with **SOP200 – Inventory Controls, Transfers & Procedures** shall be maintained and made available upon request.
- **Product Recalls Records** in accordance with **SOP171- Product Recalls** shall be maintained and made available upon request.
- **Adverse Reactions Records** in accordance with **SOP172- Adverse Reactions** shall be maintained and made available upon request.
- **Customer Complaints and Returns** in accordance with **SOP173 – Customer Complaints & Returns** shall be maintained and made available upon request.
- **Advertising Records** in accordance with **SOP107 – Advertising** shall include documents of reliable, reasonable audience composition data that is the basis for allowing any such advertising or branding shall be maintained for a period of (1) year, or longer if otherwise required by the Commission or a court agency with jurisdiction. The forementioned documentation shall be retained with all related documents relative the advertising or branding contract or event. Reference **935 CMR 500.105(4)**.
- Any other recordkeeping requirements associated with business operations.

In the event the establishment was to cease operations, all records will be kept for at least two years, in a form and location acceptable to the Commission.

6. References

935 CMR500.105(4)
SOP149 – Confidential Information
Employee Information Form
935 CMR 500.030(2)

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JimBuddy's Rec Shop Handbook
SOP & Documents Book
M.G.L. c. 6 § 172
935 CMR 500.209
935 CMR 500.030
803 CMR 2.00 Criminal Offense Record Information (CORI)
SOP143 Cannabis Waste Disposal
SOP143 Cannabis Waste Disposal
935 CMR 500.105(13)
SOP203 – Cannabis Shipping and Transfers
SOP202 – Cannabis Receiving Process
SOP205 – Vendor Samples
SF205- Vendor Sample Distribution
SOP170 – Security Incident Reporting
SOP501 – Security Audits
SOP502 – ERP Sales System Audits
SOP200 – Inventory Controls, Transfers & Procedures
SOP171- Product Recalls
SOP172- Adverse Reactions
SOP107 – Advertising
Business Documents Book

7. Reporting

All records are available for inspection by the Commission, upon request. The financial records shall be maintained in accordance with generally accepted accounting principles. Written records that are required and are subject to inspection include, but are not limited to, all records required in any section of 935 CMR 500.000.


935 CMR 500.105(1)

8. Revision History

Document Creation Date v.1 – 12/04/2021

Document Published Date v.1 –

Document Revision/Review Date – 01/26/22

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Standard Operating Procedure TESTING & QUALITY CONTROL

1. Purpose

The purpose of this document is to explain the required testing, quality control and labeling requirements for cannabis products.

2. Scope

The scope of this document shall cover general regulations associated with cannabis product testing, labeling, and JimBuddy's Rec Shop policies for verification of regulations during the receiving process.

3. Prerequisites

Registered agents are required to be trained on the receiving process and the testing and labeling requirements associated with cannabis products.


4. Responsibilities

Registered agents assigned to receiving cannabis products shall verify cannabis products have been tested and labeled in accordance with regulation.

5. Procedure

General Regulations Associated with Cannabis Testing:


1. No cannabis product, including cannabis, may be sold or otherwise marketed for adult use that is not capable of being tested by Independent Testing Laboratories, except as allowed under **935 CMR 500.000**. Testing of cannabis products shall be performed by an Independent Testing Laboratory in compliance with a protocol(s) established in accordance with M.G.L. c. 94G, § 15 and in a form and manner determined by the Commission including, but not limited to, the Protocol for Sampling and Analysis of Finished Marijuana and Marijuana Products for Marijuana Establishments, Medical Marijuana Treatment Centers and Collocated Marijuana Operations.
2. Cannabis shall be tested for the Cannabinoid Profile and for contaminants as specified by the Commission including, but not limited to, mold, mildew, heavy metals, plant growth regulators, and the presence of Pesticides. In addition to these contaminant tests, final ready-to-sell Marijuana Vaporizer Products shall be screened for heavy metals and Vitamin E Acetate (VEA) in accordance with the relevant provisions of the Protocol for Sampling and Analysis of Finished Marijuana and Marijuana Products for Marijuana Establishments, Medical Marijuana Treatment Centers and Collocated Marijuana Operations.
3. The Commission may, at its discretion, require additional testing when necessitated to safeguard the public health or public safety and so identified by the Commission.
4. A Marijuana Establishment shall maintain the results of all testing for no less than one year. Testing results shall be valid for a period of one year. Marijuana or Marijuana Products with testing dates in excess of one year shall be deemed expired and may not be dispensed, sold, Transferred or otherwise conveyed until retested.

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5. All transportation of cannabis to and from Independent Testing Laboratories providing cannabis testing services shall comply with **935 CMR 500.105(13)**.
6. All excess cannabis shall be disposed of in compliance with **935 CMR 500.105(12)**, either by the Independent Testing Laboratory returning excess cannabis to the source Marijuana Establishment for disposal or by the Independent Testing Laboratory disposing of it directly.
7. No cannabis product shall be sold or otherwise marketed for adult use that has not first been tested by an Independent Testing Laboratory and deemed to comply with the standards required under **935 CMR 500.160**.
8. Single-servings of cannabis products tested for potency in accordance with **935 CMR 500.150(4)** shall be subject to a potency variance of no greater than +/- 10%.
9. A Licensee that receives notice that cannabis or a cannabis product it has submitted for testing has failed any test for contaminants shall either reanalyze the cannabis or cannabis product without remediation, take steps to remediate the identified contaminants, or dispose of the cannabis or cannabis product.

JimBuddy's Rec Shop, as part of the receiving process of cannabis products verify the following:

- All cannabis products received shall be from a Massachusetts Licensed Distributor
- All cannabis products have been labeled correctly with the Distributors name, registration number, telephone number, and email address
- All cannabis products have been labeled with the retailer's name, telephone number, email address, and website information (if applicable)
- Date cannabis product was packaged
- Cannabis product has a batch number, sequential serial number, and bar code for identifying batch associated with the production of the product
- The product is labeled with a net weight or volume
- The full cannabinoid profile label has been affixed, including THC and other cannabinoid levels
- A statement and seal certifying that the product has been tested for contaminants, there were no adverse findings, and the date of the testing
- A statement "The product has not been analyzed or approved by the FDA. There is limited information on the side effects of using this product, and there may be associated health risks. Marijuana use during pregnancy and breast feeding may pose potential harms. It is against the law drive or operate machinery when under the influence of this product. "KEEP THIS PRODUCT AWAY FROM CHILDREN."
- A symbol or easily recognizable mark issued by the Commission is affixed to the product package stating, "CONTAINS THC".
- A symbol or easily recognizable mark issued by the Commission is affixed to the product package stating, "NOT SAFE FOR KIDS".
- The name of the Marijuana product, if applicable (edibles, concentrates)
- Refrigeration of the product is required, if applicable
- The number of servings within the package and the specific serving size weight, if applicable (edibles, concentrates)
- The type of marijuana used in the product including what processing technique or solvents were used in the in the production of the product, if applicable (edibles, concentrates)
- List of ingredients used to make the product, if applicable (edibles)
- The amount in grams of sodium, sugar, carbohydrates, and total fat serving, if applicable (edibles)
- A use by or expiration date, if applicable (edibles)
- Directions for use, if applicable

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- Product identity with the word concentrate or extract, if applicable (concentrates)
- For vaporizer devices, a list of additives identified on the FDA’s inactive ingredient database for “Respiratory (inhalation)” or “Oral” oral routes of administration and based on dosage form as an aerosol or inhalant.
- Vaporizer devices produced using only cannabis derived terpenes shall have the following statement “This product was produced using only cannabis-derived terpenes”
- Vaporizer devices produced using terpenes other than cannabis derived terpenes shall have the following statement “This product was produces using terpenes derived from sources other than cannabis”
- Vaporizer devices shall have a statement or physical insert that the product has been tested for Vitamin E Acetate and other contaminants, with no adverse findings “Warning Vaporizer Devices may contain ingredients harmful to your health when inhaled”
- A warning that if nuts or other known allergens are contained in the product, if applicable (topicals, tinctures)

6. **References**


935 CMR 500.000
935 CMR 500.105(12)
935 CMR 500.105(13)
935 CMR 500.160
935 CMR 500.150(4)

7. **Reporting**

Upon delivery, cannabis products shall be refused if the cannabis or cannabis infused products have not been tested or the test results are not available, as required under 935 CMR 500.160(1).

8. **Revision History**

Document Creation Date v.1 – 12/15/21
Document Published Date v.1 –
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Standard Operating Procedure RESTRICTING ACCESS TO AGE 21 AND OLDER

1. *Purpose*

To prevent the diversion of cannabis and cannabis infused products to individuals younger than 21 years old.

2. *Scope*

This SOP shall cover the process for age verification of all customers and visitors entering the facility and outline acceptable forms of identification, how to recognize altered or fabricated IDs, and signs of deception related to fake ID's.

3. *Prerequisites*

All employees must receive training on

- Using scanner to verify the authenticity of IDs
- Properly checking the IDs (picture, expiration date, age)
- How to spot a fake or tampered IDs
- Knowledge of out-of-state IDs
- Understand the State law regarding age restrictions

4. *Responsibilities*

Management in association with the appropriate equipment supplier will ensure the ID scanner, and any other relevant equipment, remain in excellent working condition. Receptionist will scan the ID before the customer is buzzed into the dispensary. Budtenders will verify the ID before finalizing the transaction. All employees take responsibility to prevent the diversion of marijuana to individuals younger than 21 years old.


5. *Procedure*

The multi layered ID checking process is to prevent individuals under 21 years of age from entering the dispensary. Any person without a valid government ID will be turned away before entering the dispensary. Expired identification will not be accepted.

The receptionist shall greet the customer and ask for their government issued ID. The identification shall be scanned to verify the validity of the ID and the customer's age. Customers shall remain in the vestibule until granted access into the dispensary.

When the customer approaches the budtender, the budtender shall verify the customer's identification before processing the order.

JimBuddy's Rec Shop shall keep a book of current State identifications on hand for reference.

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Acceptable Forms of Identification

All customers are required to present a government issued ID. Acceptable forms of identification are a current drivers license, state ID, passport, or military ID,

ID Verification

Establishment registered agents are required to verify the identification and age of any customer or visitor for any purpose entering the facility. Agents shall inspect all ID's presented and verify the following:

- The identification is of an acceptable form (see above)
- The picture on the ID is representative of the individual presenting the ID
- The date of birth stated on the ID indicates the individual is at least 21 years of age
- The identification presented does indicate signs of alteration, fabrication, or deception from the individual

ID Fabrication or Alteration

Altered or fabricated IDs are typically flawed in some manner and should be inspected. Listed below are some of the signs that an ID is not valid:

- View the ID from multiple angles checking for markings on the front and back of the ID
- Check the bar code to see if it looks clean and scannable
- Check for the holograms and how they shine
- Move the ID around in your hand checking for the strength of the ID
- Feel the material and thickness of the ID
- Check for ragged or square edges; valid ID's generally have rounded edges
- Feel the ID for bumps or air pockets on laminated ID's
- Check for misspellings
- Check that the ID is in good condition and not peeling


ID Deception

If there is any suspicion that the ID is not valid, altered or the ID presenter is not the individual represented on the ID, don't hesitate to ask questions. Most people do not use their real names on fake ID's and may struggle to remember the information on the card. The following may be indicators of deception:

- Lack of eye contact
- Tensing in the body
- Unusual body language
- Animated gestures
- Obvious height or weight differences listed on the ID versus the individual
- Is the declared age on the ID representative of the individual

6. References

Requirements for On-premises Verification of Identification for Adult Use Only locations can be found at 935 CMR 500.140(2). For additional information on refusing sales due to anyone who is unable to produce valid proof of identification, refer to CMR 500.140(4)(a).

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7. Reporting

Notify security or a manager immediately if a customer attempts to obtain access with a fake, borrowed or altered ID.

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JimBuddy's Rec Shop

JimBuddy's Rec Shop Handbook

March 17, 2022

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Core Policies

1.0 Welcome

1.1 A Welcome Policy

Welcome to the JimBuddy's Team! We hope that your employment at JimBuddy's Rec Shop will be rewarding and challenging. We take pride in our team members as well as in the products and service we provide.

The Corporation complies with all federal and state employment laws, and this handbook generally reflects those laws. The Corporation also complies with any applicable local laws, although there may not be an express written policy regarding those laws contained in the handbook.

Please take the time now to read this handbook carefully. Sign the acknowledgment at the end to show that you have read, understood, and agree to the contents of this handbook, which sets out the basic rules and guidelines concerning your employment. The Corporation reserves the right to interpret, modify, or supplement the provisions of this handbook at any time. Neither this handbook nor any other communication by a management representative or other, whether oral or written, is intended in any way to create a contract of employment.

You are reminded that you are an at will employee, and this handbook is not intended to constitute a contract between JimBuddy's Rec Shop and its employees. The contents do not confer any rights to continued employment or to any term of employment.

We wish you success in your employment here at JimBuddy's Rec Shop!

2.0 Introductory Language and Policies

2.1 Revisions to Handbook

This handbook is our attempt to keep employees informed of the terms and conditions of employment, including JimBuddy's Rec Shop policies. The handbook is not a contract. The Corporation reserves the right to revise, add, or delete from this handbook as determine to be in the company's best interest. When changes are made to the policies and guidelines contained herein, the updates shall be communicated in a timely fashion, typically in a written supplement to the handbook, emailed or in a handout.

2.2 Company Facilities

JimBuddy's Rec Shop is a secured facility. Registered agents are required to visibly display an agent registration card and carry a keycard to access specific areas of the facility. Visitors must be approved, signed in, given a visitor badge, and be escorted to any limited access areas of the premises. Areas containing cannabis, cannabis infused products, cash and security equipment are limited or restricted access areas and require authorized entrance, using a key card or keycode respectively, to enter. Surveillance cameras capture and record all areas, except the restroom, within the dispensary and in the parking lots.

2.3 Ethics Code

JimBuddy's Rec Shop shall conduct business honestly and ethically wherever operations are performed. The Company strives to improve the quality of service, products, and operations and will maintain a reputation for honesty, fairness, respect, responsibility, integrity, trust, and sound business judgment. Managers and team members are expected to adhere to high standards of business and personal integrity as a representation of JimBuddys.

The Company expects that officers, directors, and team members will not knowingly misrepresent the Corporation and will not speak on behalf of the Corporation unless specifically authorized. The confidentiality of trade secrets, proprietary information, and similar confidential commercially-sensitive information (i.e. financial or sales records/reports, marketing or business strategies/plans, product development, customer lists, patents, trademarks, etc.) about the Corporation or operations, or that of our customers or partners, is to be treated with discretion and only disseminated on a need-to-know basis (see policies relating to privacy).

Violation of the Code of Ethics will result in disciplinary action, which may include a verbal warning, written warning, suspension with or without pay, and/or termination. The appropriate action imposed will be determined by JimBuddy's Rec Shop. JimBuddy's Rec Shop does not guarantee that one form of action will necessarily precede the other.

2.4 Whistle Blower Policy

This policy is intended to encourage Board members, staff (paid and volunteer) and others to report suspected or actual occurrence(s) of illegal, unethical, or inappropriate events (behaviors or practices) without retribution.

The Whistleblower should promptly report the suspected or actual event to his/her supervisor, or the next highest level of management. The Whistleblower can report the event with his/her identity or anonymously.

The Whistleblower shall receive no retaliation or retribution for a report that was provided in good faith. A Whistleblower who makes a report that is not done in good faith is subject to discipline, up to and including termination. Anyone who retaliates against the Whistleblower (who reported an event in good faith) will be subject to discipline, up to and including termination.

Management who receives the reports must promptly act to investigate and/or resolve the issue. The Whistleblower shall receive a report within five business days of the initial report and status of investigation. A resolution of the issue will be provided within 90 days from the reporting of the issue. If the investigation of a report, that was done in good faith and investigated by internal personnel, is not to the Whistleblower's satisfaction, then he/she has the right to report the event to the appropriate legal or investigative agency.

The identity of the Whistleblower, if known, shall remain confidential to those persons directly involved in applying this policy, unless the issue requires investigation by law enforcement, in which case members of the organization may be subject to identity exposure and/or the possibility of subpoena.

2.5 Organization Policy

JimBuddy's Rec Shop policies and procedures are written for employees to follow to ensure the business runs smoothly and to prevent diversion, loss, or theft. In addition to the Standard Operating Procedures (SOPs) and the policies written in this handbook, employees are required to follow the rules and regulations set forth in 935 CMR 500.000.

3.0 Hiring and Orientation Policies

3.1 New Hires and Introductory Periods

Individuals must pass a criminal background check (iCori) as required under 935 CMR 500.030. Upon approval, the Cannabis Control Commission shall issue an agent registration. The Cannabis Control Commission shall issue an agent registration card to individuals determined to be suitable for registration. All such individuals shall:

- a. Be 21 years of age or older.
- b. Not been convicted of an offense in the Commonwealth involving the distribution of controlled substances to minors, or a like violation of the laws of another state, the United States or foreign jurisdiction, or a military, territorial, or Native American tribal authority.
- c. Be determined suitable for registration consistent with the provisions of 935 CMR 500.800 and 500.802.
- d. Note: Agent registrations are valid for 1 year and require renewal annually for continued employment.

JimBuddy's Rec Shop must notify the Cannabis Control Commission within five (5) business days of any changes to agent's information submitted in the registration process. It shall be incumbent upon the agent to notify their employer of any such change. Failure to provide notification may affect the agent's registration validity.

The first 90 days of your employment is considered a probationary period. During this period, you will become familiar with JimBuddy's Rec Shop procedures and your job responsibilities, and we will have the opportunity to monitor the quality and value of your performance and make any necessary adjustments in your job description or responsibilities. All required trainings must be completed within the 90-day probationary period. Completion of this probationary period does not imply guaranteed or continued employment.

3.2 Full-Time Personnel

Employees who work 40 hours per week per year.

3.3 Part-Time Personnel

Employees who work less than an average of 40 hours per week per year.

3.4 Non-Exempt – Hourly Paid Employees

Employees who work in clerical, administrative support occupation, assembly, quality control, customer service, or other manual labor type functions and are eligible for overtime pay for hours worked in excess of forty (40) hours per week, or as otherwise required by state law.

3.5 Exempt – Salaried/Commissioned Employees

Employees who work in management, or who qualify for an administrative, executive, or professional exemption as defined under Massachusetts and Federal Law.

3.6 Keycards

Registered agents are required to always carry a keycard while at the dispensary. The keycard is essential for gaining access to limited access areas and for performing your job. Keycards are never to be out of your possession or shared with others. If your keycard goes missing, immediately notify your manager. The keycard will be deactivated, and a new card will be programmed. When a registered agent ends their employment relationship with JimBuddy's Rec Shop, the keycard needs to be returned immediately. JimBuddy's must notify the Cannabis Control Commission within one (1) business day after an agent ceases association with the establishment.

3.7 Agent Registration Cards

Registered agents are required to visibly display their agent registration card while at the dispensary. The agent registration card is essential for performing your job. When a registered agent ends their employment relationship with JimBuddy's Rec Shop, the agent registration card needs to be returned immediately. Agent Registration Cards are valid for one year from the date of issue and may be renewed thereafter on a triennial basis on a determination by the Commission that the applicant for renewal continues to be suitable for registration. If an agent registration card is misplaced, the employee must notify a manager immediately. The employee shall not be allowed to work at the dispensary until the State issues a replacement card. JimBuddy's Rec Shop must notify the Cannabis Control Commission within five (5) business days in the event that an agent registration card has been lost or stolen. JimBuddy's must notify the Cannabis Control Commission within one (1) business day after an agent ceases association with the establishment. Registration is immediately void upon agent's disassociation with the establishment.

3.8 Training Requirements

Registered agents that handle cannabis must attend a minimum of four (4) hours per year of Responsible Vendor Training. In addition, employees shall receive a minimum of four (4) hours per year of in-house training. All employees are required to receive a minimum of eight (8) hours per year.

4.0 Wage and Hour Policies

4.1 Attendance Policy

Employees are expected to arrive on time ready to work. If you know ahead of time that you will be absent or late, provide reasonable advance notice to your manager. When calling out sick, you are required to speak with a manager. Leaving a message on voicemail or leaving a message with an employee that is not a manager is not an acceptable form of calling out. JimBuddy's Rec Shop reserves the right to apply accrued but unused vacation or sick time to unauthorized absences, whereas permitted by applicable law. Absences resulting from approved leave, vacation, or legal requirement are exceptions to the policy. Absence because of bereavement, jury duty, or military duty, are exempt from disciplinary action, as are FMLA and ADA related absences.

Nonexempt employees must clock-in and clock-out for each shift. Employees who consistently fail to clock-in and/or clock-out will receive disciplinary action, up to and including termination.

If an employee is absent for three or more consecutive days, evidence for excusing the absence, such as a doctor's note, must be provided. If an employee is a no call-no show for three or more consecutive days, it will be considered a job abandonment or termination without notice.

4.2 Introduction to Wage and Hour Policies

Massachusetts labor laws require employers to pay employees overtime at a rate of 1½ time their regular rate when they work 40 hours or more in a workweek, unless otherwise exempt. All employees shall be paid at least the Massachusetts minimum wage. As of January 1, 2022, Massachusetts labor laws require employers to pay employees 1.1x their regular rate when worked on Sundays. On January 1, 2023, premium pay for working on Sundays shall be eliminated.

4.3 Posting of Work Schedules

Work schedules shall be posted two weeks in advance. Once the schedule has been published, any changes need to be approved by a manager.

4.4 Recording Time

JimBuddy's Rec Shop is required by applicable federal, state, and local laws to keep accurate records of hours worked. Non-exempt employees must accurately record all time to ensure you are paid for all hours worked and must follow the Company's procedures for recording hours worked. Time must be recorded as follows:

- Immediately before starting your shift.
- Immediately after finishing work, before your meal period.
- Immediately before resuming work, after your meal period.
- Immediately after finishing shift.
- Immediately before and after any other time away from work.

Notify your manager or Human Resources of any pay discrepancies, unrecorded or mis-recorded work hours, or any involuntarily missed meal or break periods. Falsifying time entries is strictly prohibited. Falsifying time entries includes working "off the clock." If you falsify your own time records, or the time records of co-workers, or if you work off the clock, you will be subject to discipline up to and including termination. Immediately report to Human Resources any employee, supervisor, or manager who falsifies your time entries or encourages or requires you to falsify your time entries or work off the clock.

4.5 Accommodations for Nursing Mothers

JimBuddy's Rec Shop shall provide nursing mothers reasonable paid break time (approximately 15-20 minutes) to express milk for their nursing child(ren). Nursing mothers shall be provided a private room, other than a restroom, to express milk. The room will be clearly designated and either have a lock or a sign on the door to indicate when the room is in use. Expressed milk can be stored in company refrigerator, or other location, as in a personal cooler. Sufficiently mark or label the milk to avoid confusion for other team members who may share the refrigerator.

4.6 Meal and Rest Periods

JimBuddy's Rec Shop strives to provide a safe and healthy work environment and complies with all federal and state regulations regarding meals and rest periods. Employees shall receive a 30-minute break for each six hours worked in a calendar day. During this break, employees must be free of all duties and free to leave the workplace. This is an unpaid break. Employees are required to clock-out during the break.

4.7 Overtime

On occasion, JimBuddy's Rec Shop may request overtime work. Managers will attempt to give as much notice as possible in this instance. However, advance notice may not always be possible. Unauthorized overtime may result in discipline. Unless otherwise required or exempted by law, employees shall be compensated with premium pay for any hours worked in excess of 40 hours in a workweek. Holidays, vacation, and sick days do not count as time worked for computing overtime.

5.0 Performance, Discipline, and Termination

5.1 Performance Improvement

A performance evaluation shall be performed after the 90-day probationary period and then on an annual basis. Employees may specifically request that a manager assists in developing a performance improvement plan at any time. The performance evaluation process is a means for increasing the quality and value of your work performance. Initiative, effort, attitude, job knowledge, and other factors will be addressed. A positive job performance review does not guarantee a pay raise or continued employment. Pay raises and promotions are based on numerous factors, only one of which is job performance.

5.2 Exit Interview

You may be asked to participate in an exit interview upon your separation from employment with JimBuddy's Rec Shop.. The purpose of the exit interview is to provide management with greater insight into your decision to leave; identify any trends requiring attention or opportunities for improvement; and to assist the Corporation in developing effective recruitment and retention strategies.

5.3 Disciplinary Process

Violation of JimBuddy's Rec Shop policies and/or procedures may result in disciplinary action including verbal warnings, written warning, demotion, suspension with or without pay, and/or termination of employment.

There will be **immediate dismissal** of any employee who has:

1. Diverted cannabis, which shall be reported to law enforcement officials and to the Commission.
2. Engaged in unsafe practices with regard to operation of the Marijuana Establishment, which shall be reported to the Commission.

3. Been convicted or entered a guilty plea, plea of nolo contendere, or admission to sufficient facts of a felony drug offense involving distribution to a minor in the Commonwealth, or a like violation of the laws of another state, the United States, or a foreign jurisdiction, or a military, territorial, or Native American tribal authority.

Conduct Which is Subject to Disciplinary Action

1. Work Performance
 - a. Failure of an employee to maintain satisfactory work performance standards can constitute good cause for disciplinary action including dismissal.
 - b. Work performance is to be judged by the manager's evaluation of the quality and quantity of work performed by each employee. When, in the opinion of the manager, the work performance of an employee is below standard, the manager shall take appropriate disciplinary action.
2. Misconduct
 - a. All employees are expected to maintain standards of conduct suitable and acceptable to the work environment. Disciplinary action, including dismissal, may be imposed for unacceptable conduct.
 - b. Examples of unacceptable conduct include, but are not limited to:
 - i. Falsification of time sheets, personnel records, or any other records.
 - ii. Neglect of duties, loafing or wasting time during working hours.
 - iii. Forgetting, losing, or misplacing, or not wearing the required identification badge.
 - iv. Smoking anywhere except in designated smoking areas.
 - v. Attempting to gain access to a Limited Access Area without proper authorization.
 - vi. On-site consumption of cannabis.
 - vii. Gambling.
 - viii. Soliciting, collecting money or circulating petitions on the premises.
 - ix. Bringing intoxicants or drugs onto the premises of the establishment, using intoxicants or drugs, having intoxicants or drugs in one's possession, or being under the influence of intoxicants or drugs on the premises at any time.
 - x. Abuse or waste of tools, equipment, fixtures, property, supplies or goods of the establishment.
 - xi. Creating or contributing to unhealthy or unsanitary conditions.
 - xii. Violations of safety rules or accepted safety practices.
 - xiii. Failure to cooperate with manager or coworker, impairment of function of work unit, or disruptive conduct.
 - xiv. Disorderly conduct, horseplay, harassment of other employees (including sexual harassment) or use of abusive language on the premises.
 - xv. Fighting, encouraging a fight or threatening, attempting or causing injury to another person on the premises.
 - xvi. Neglect of duty or failure to meet a reasonable and objective measure of efficiency and productivity.
 - xvii. Theft, dishonesty or unauthorized use of the Company's property including records and confidential information.
 - xviii. Creating a condition hazardous to another person on the premises.
 - xix. Refusal of an employee to follow instructions or to perform designated work that may be required of an employee or refusal to adhere to established rules and regulations.
 - xx. Repeated tardiness or absence, absence without providing proper or without satisfactory reasons or unavailability for work.
 - xxi. Violation of JimBuddy's Rec Shop policies or procedures.

These examples are not inclusive. We emphasize that discharge decisions will be based on an assessment of all relevant factors.

Nothing in this policy is designed to modify JimBuddy's Rec Shop's at-will employment policy.

6.0 General Policies

6.1 Personal Appearance

Your personal appearance reflects on the reputation, integrity, and public image of JimBuddy's Rec Shop. All team members are required to report to work neatly groomed and dressed. You are expected to maintain personal hygiene habits including clean clothing, good grooming and personal hygiene, and appropriate attire for the workplace. This may include wearing JimBuddy's apparel. Use common sense and good judgment in determining what to wear to work. The following are examples of inappropriate clothing: sweatpants, slippers, clothing with obscene words or pictures, and clothing with political statements. Fragrant products, including but not limited to perfumes, colognes, and scented body lotions or hair products, should be used in moderation out of concern for others with sensitivities or allergies.

Employees are required to always carry a keycard and visibly display their agent registration card. Employees may be required to wear masks. If you are not wearing a surgical mask, N95 or KN95, the mask should not have any inappropriate pictures and/or words or political statements on it.

6.2 Personal Cell Phone

Use of personal cell phones at work can be distracting and disruptive and cause a loss of productivity. Thus, you should use such personal devices during nonworking time, such as breaks and meal periods. During these periods you should use cell phones in a manner that is courteous to those around you. If you have a device that has a camera and/or audio/video recording capability, you are restricted from using those functions on JimBuddy's Rec Shop property unless authorized in advance by management or when they are used in a manner consistent with your right to engage in concerted activity under section 7 of the National Labor Relations Act (NLRA).

6.3 Security

All team members are responsible for helping to make JimBuddy's Rec Shop a secure work environment. Refrain from discussing specifics regarding Corporation security systems, alarms, passwords, etc. with those outside of the Corporation. Your keycard and agent registration card must be always on your possession, while at the dispensary. Never share your keycard, passwords, and/or keys. Violating this policy will result in termination.

Immediately advise a manager of any known or potential security risks and/or suspicious conduct of team members, customers, or guests of the Corporation. Safety and security are the responsibility of all team members, and we rely on you to help us keep our premises secure.

6.4 Access to Personnel Files

JimBuddy's Rec Shop confidentially maintains personnel files for all team members. Personnel files are stored apart from any business-related records in a safe, locked, and in a limited access area. Supervisors and other management may have access to your personnel file for possible employment-related decisions. Upon written request, the Corporation will provide you the opportunity to review your personnel file or will provide you with a copy of the documents in your personnel file.

Employee records to include, but not limited to

- a. Job descriptions or employment contract for each position, that includes duties, authority, responsibilities, qualifications, and supervision.
- b. Organizational charts consistent with job descriptions.
- c. All materials submitted to the Commission as per 935 CMR 500.030(2).
- d. Documentation of verification of references.
- e. Documentation of all required training, including training regarding privacy and confidentiality requirements, and the signed statement of the employee indicating the date, time and place the training was received, topics discussed and the name and title of the presenters.
- f. Documentation of periodic performance evaluations.
- g. Record of disciplinary action taken.
- h. Notice of completed Responsible Vendor Training and in-house training as required under 935 CMR 500.105(2).
- i. All background checks obtained in accordance with 935 CMR 500.030.

Recordkeeping in compliance with 935 CMR 500.105(9)(d). Personnel records shall be maintained for at least 12 months after the termination of the employee's affiliation with JimBuddy's Rec Shop as required under 935 CMR 500.105(9)(d)(2).

6.5 Drug and Alcohol Policy

JimBuddy's Rec Shop considers drug and alcohol abuse a serious matter that will not be tolerated. The Corporation absolutely prohibits team members from using, selling, possessing, or being under the influence of illegal drugs, alcohol, or a controlled substance or prescription drug not medically authorized while at their job, on Corporation property, or while on work time.

Therefore, it is Corporation policy that:

1. You may not report to work under the influence of alcohol, illegal drugs, or any controlled substance or prescription drug not medically authorized.
2. You may not possess or use alcohol, illegal drugs, or any controlled substance or prescription drug not medically authorized while on company property or on company business.

Employees are required to notify Human Resources in writing of any criminal drug statute conviction for a violation occurring in the workplace, no later than five calendar days after such a conviction.

Resources available include the State Department of Public Health, Bureau of Substance Abuse Services which provides drug and alcohol prevention education materials and the Massachusetts Substance Abuse Information and Education Helpline at (1-800-327-5050) to learn about treatment options and resources. For additional information, refer to the Federal Drug-Free Workplace Act of 1988 and 935 CMR500.105 State regulations.

6.6 Nonsmoking Policy

JimBuddy's Rec Shop is a non-smoking facility. Smoking in any form, including but not limited to the smoking of cigarettes, cigars, and pipes, is strictly prohibited anywhere in or on the premises. Notwithstanding the foregoing policy, smoking may be permitted only in the areas of the exterior grounds designated by the landlord. Marijuana consumption, in any form, is strictly prohibited anywhere in or on the premises. There are no exceptions.

7.0 Benefits

7.1 Holidays

The following federal holidays are recognized, and in accordance with federal and state law, premium pay will be provided for employees that work on a holiday. As of January 1, 2022, the premium pay rate is 1.1x regular rate. On January 1, 2023, premium pay shall be eliminated.

1. New Year's Day
2. Memorial Day
3. Juneteenth Independence Day
4. Independence Day
5. Columbus Day
6. Veteran's Day
7. Labor Day

7.2 Paid Sick Time

All employees are eligible to use paid sick time. Employees can earn up to forty (40) hours of sick leave per year. Employees accrue one hour of paid sick leave for each thirty (30) hours worked. Sick leave can be used in one-hour increments. Earned sick leave begins accruing right away, but employees may not use earned sick time until after the 90-day probationary period ends.

Permitted Use of Sick Time

- To care for the employee's own physical or mental illness, injury, or other medical condition that requires home preventative or professional care.
- To care for a child parent, spouse, or parent of a spouse who is suffering from a physical or mental illness, injury or other medical condition that requires home preventative or professional care.
- To attend medical and dental appointments for purposes of medical treatment or diagnoses for an employee or for a child, parent, spouse, or parent of a spouse.
- To address the psychological physical or legal effects of domestic violence.
- To travel to and from an appointment, pharmacy or other location related to the purpose for which the time was taken.

Use of earned sick time for anything other than the above-named purposes is not allowed and may result in an employee being disciplined.

Employees are allowed to carry over up to forty (40) hours of unused earned sick leave into the next calendar year. Unused sick leave may not be converted to a cash payment. Sick time runs concurrently with time off provided under other state and federal laws that allow employees to take leave for the purposes listed above. You may be required to use available sick leave during family and medical leave, disability leave, or other leave if those absences would otherwise be unpaid.

7.3 Vacation Policy

Full time team members will begin accruing vacation time after working for one full year. The "vacation year" is based upon anniversary year. The "vacation year" begins on your first anniversary and runs until the day before that date in the next calendar year.

- From the second year through fourth year of employment = one week (40 hours)
 - Accrue 0.02 hours per each hour worked
- Fifth through ninth year of employment = two weeks (80 hours)
 - Accrue 0.04 hours per each hour worked

Employees are not permitted to carry over vacation time from one year to the next. Accordingly, an employee will lose unearned vacation time if he or she does not use it in the anniversary year it is earned (i.e. "use it or lose it").

A paid holiday falling within a vacation period is not charged as a vacation day. If sickness occurs during vacation, it is still counted as vacation, and not as paid sick time.

Requests for vacation leave need to be in writing. When requesting vacation leave, provide your manager with as much notice as possible. Vacation leave will be reviewed in the order received and based on Corporation needs. Vacation time must be requested prior to the schedule being published. You will not accrue vacation time during periods when you are not working and/or taking time off. You will not accrue vacation during unpaid leaves of absence. When an employee's accrued balance reaches eighty (80) hours, the employee will cease to earn any additional vacation time until the employee uses some of the accumulated vacation time.

8.0 Leaves of Absence

8.1 Massachusetts Paid Family and Medical Leave Law

JimBuddy's Rec Shop will deduct contributions from employees' wages to fund Paid Family and Medical Leave (PFML) benefits pursuant to M.G.L. c. 175M.

Under the PFML Law

- Employees may be entitled to up to twenty (20) weeks of paid medical leave in a benefit year if they have a serious health condition that incapacitates them.
- Employees may be entitled to up to twelve (12) weeks of paid family leave in a benefit year related to the birth, adoption or foster care placement of a child, or because of a qualifying emergency arising out of the fact that a family member is on active duty or has been notified of an impending call to active duty in the Armed Forces.
- Employees may be entitled to up to twelve (12) weeks of paid family leave to care for a family member with a serious health condition.

Employees are eligible for no more than twenty-six (26) total weeks, in the aggregate, of paid family and medical leave in a single year.

Paid family and medical leave taken under the Massachusetts Paid Family and Medical Leave law will run concurrently with leave taken under the Massachusetts Parental Leave Act. An employee on PFML will not accrue Vacation or Sick Time during the period of leave. This leave will not affect the employee's rights to receive PTO, advancement or other benefits for which he/she was eligible at the date of his/her departure. Upon returning to work, all attempts will be made to restore the employee to the previous position or a similar one.

It is unlawful for JimBuddy's Rec Shop to discriminate or retaliate against an employee for exercising any right to which he/she is entitled under the law, including a request for PFML.

8.2 Jury Duty

An employee who is called away from work for mandatory jury duty, will be paid regular wages for the first three (3) days of jury duty. When an employee receives notification regarding upcoming jury duty, it is their responsibility to notify their manager within one (1) business day of receiving the notice and must submit federal and state vouchers upon return to work.

We reserve the right to request proof of jury service upon your return. We expect you to return to your job if you are excused from jury duty during your regular working hours. If a day of jury duty is required on a day not normally worked, no pay is earned.

8.3 Military Leave

Employees who are required to fulfill military obligations in any branch of the Armed Forces of the United States or in state military service will be given the necessary time off and reinstated in accordance with federal and state law.

The time off will be unpaid, except where state and federal law dictates otherwise. An employee who is called away from work for an annual reserve training period of not more than three (3) weeks, will be paid the differential (if any)

between his or her normal weekly salary (excluding overtime) and the federal or state military reserve pay. Expenses incurred in conjunction with such military duties are not paid by JimBuddy's Rec Shop.

Accrued time off may be used for this leave if the employee chooses. Military orders should be presented to the manager and arrangements for leave made as early as possible before a departure. Employees are required to give advance notice of their service obligations to the Company unless military necessity makes this impossible. You must notify the manager of your intent to return to employment based on requirements of the law. Your benefits may continue to accrue during the period of leave in accordance with state and federal law.

Additional information regarding military leaves may be obtained from Human Resources.

8.4 Domestic Violence Leave

In the event that an Employee is the victim of Domestic Violence, JimBuddy's Rec Shop will permit the employee to take up to fifteen (15) days of leave from work in any twelve (12) month period if all the following criteria are met:

1. The employee, or a family member of the employee, is a victim of abusive behavior as defined in the Law.
2. The employee is using the leave from work to seek or obtain medical attention, counseling, victim services or legal assistance, secure housing, obtain a protective order from a court, appear in court or before a grand jury, meet with a district attorney or other law enforcement official, or attend child custody proceedings or address other issues directly related to the abusive behavior against the employee or family member of the employee.
3. The employee is not the perpetrator of the abusive behavior.

Leave under this section shall be unpaid leave, except to the extent that an employee is eligible for paid leave for unused Vacation or Sick Time. Where an employee is eligible for leave under this section, JimBuddy's Rec Shop will provide such paid leave to run concurrently with, not in addition to, the Small Necessities Leave.

Notice

Except in cases of imminent danger to the health or safety of an employee, an employee seeking leave from work under this section must provide appropriate advanced notice of the leave to JimBuddy's Rec Shop. In cases of threat of imminent danger to the health or safety of an employee or the employee's family member, the employee is not required to provide advance notice of leave but must notify JimBuddy's Rec Shop within three (3) workdays that the leave was taken or is being taken under the Law. Such notification may be communicated to the employer by the employee, a family member of the employee, or the employee's counselor, social worker, health care worker, member of the clergy, shelter worker, legal advocate or the other professional who has assisted the employee in addressing the effects of the abusive behavior on the employee or the employee's family member. The employee or individual authorized to communicate to the employer that leave was taken or is being taken under this Law, may do so by telephone, in person, in writing or by any other reasonable means to communicate notice.

Documentation

We can request that an employee provide documentation evidencing that the employee or employee's family member has been a victim of abusive behavior and that the leave is taken under the Law. An employee must provide such documentation to the employer within a reasonable period after the employer requests documentation relative to the employee's absence. However, an employer cannot require the employee to show evidence of an arrest, conviction, or other law enforcement documentation for such abusive behavior.

8.5 Small Necessities Leave

An employee will be eligible to seek a Small Necessities Leave if (1) the employee has worked for JimBuddy's Rec Shop for at least twelve (12) months, and (2) the employee has worked for at least one thousand two hundred fifty (1250) hours during the twelve (12) months before the leave. An employee is entitled to a maximum of twenty-four (24) hours of Small Necessities Leave during any 12-month period, which is measured forward from the date of the employee's first request. An employee need not take all twenty-four (24) hours of Small Necessities Leave at one time but may not take leave in increments of less than one (1) hour.

Small Necessities Leave may be taken by eligible employees for one of the following purposes.

- To participate in school activities directly related to the educational advancement of a son or daughter of the employee, such as parent-teacher conferences or interviewing for a new school.
- To accompany a son or daughter to routine medical or dental appointments, such as check-ups or vaccinations.
- To accompany an elderly relative to routine medical or dental appointments or appointment for other professional services related to the elder's care, such as interviewing at nursing or group homes.

"Elderly Relative" means one who is 60 years of age or older and who is related by blood or marriage to the employee, including a parent.

"Son or Daughter" includes a biological, foster, adopted, or stepchild of the employee, a legal ward, or a child with respect to whom the employee otherwise acts in a parental role. The child must be under the age of 18 or incapable of self-care.

At least seven (7) days' written notice of the leave should be given to Human Resources whenever the need for the leave is foreseeable. If an employee cannot give the full amount of the advance notice, he or she should give as much notice as possible under the circumstances.

Employees requesting Small Necessities Leave must complete the appropriate paperwork. Please request a form from Human Resources. Employees are expected to respond fully to reasonable request for additional information concerning the circumstances for which the leave request is made.

An employee who is granted leave under this policy shall apply his/her accrued time of benefits to the leave up to his/her full number of hours worked per pay period. The remainder of the leave will be unpaid.

8.6 Pregnant Workers Fairness Act

The Pregnant Workers Fairness Act is enforced by the Massachusetts Commission Against Discrimination (MCAD). The Act expressly prohibits employment discrimination on the basis of pregnancy and pregnancy-related conditions, such as lactation or the need to express breast milk for a nursing child. It also describes employers' obligations to employees who are pregnant or lactating and the protections these employees are entitled to receive. Generally, JimBuddy's Rec Shop may not treat employees or job applicants less favorably than other employees based on pregnancy or pregnancy-related conditions and have an obligation to accommodate pregnant workers.

If you believe you have been subjected to conduct that violates the Pregnancy Workers Fairness Act, you may file a formal complaint with either or both of the government agencies set forth below. Using our complaint process does not prohibit you from filing a complaint with the following agencies.

- Massachusetts Commission Against Discrimination Boston Office: One Ashburton Place, Room 601, Boston, MA 02108-1518, (617)9946000 (voice), (617)994-6196 (TTY). Springfield Office: 436 Dwight Street, Room 220, Springfield, MA (413)739-2145.
- Equal Employment Opportunity Commission: John F. Kennedy Federal Building Government Center, 4th Floor, Room 475, Boston, MA 02203, (617)565-3200 (voice), (617)565-3204 (TTY). Complaints must be filed within 300 days of the adverse action.

8.7 Parental Leave

Employees may be eligible for leave under the Massachusetts Parental Leave Act. Under this leave policy, JimBuddy's Rec Shop will grant eight (8) weeks of unpaid leave to a pregnant employee, or an employee adopting a child under 18 years of age (or for under 23 if the child is disabled) or the father of the biological or adopted child, or when a court has placed a child with the employee, provided the following conditions are met.

- The employee must have been employed on a full-time basis by the company for a minimum of three (3) months, and
- The employee must provide two (2) weeks written notice of the anticipated date of departure and state in writing the intention to return to his or her position including the anticipated date of return to work

While not required, the company asks, to the extent practical, for as much notice as possible regarding the employee's intention to take leave.

During this period of leave, no Vacation or Sick Time is accrued. This leave will not affect the employee's rights to receive PTO, advancement, or other benefits for which he/she was eligible at the date of his/her departure. Upon returning to work, all attempts will be made to restore the employee to the previous position or a similar one. In most cases, leave under this section will run concurrently with, and not in addition to, the leave under the PFML as set forth above.

9.0 Confidential Information

9.1 Confidentiality and Nondisclosure of Trade Secrets

As a condition of employment, JimBuddy's Rec Shop team members are required to protect the confidentiality of Corporation trade secrets, proprietary information, and confidential commercially sensitive information (i.e., financial or sales records/reports, marketing or business strategies/plans, product development, customer lists and information, patents, trademarks, etc.) related to the Corporation.

10.0 Americans with Disabilities Act and Accommodations

JimBuddy's Rec Shop complies with the Americans with Disabilities Act (ADA) and all applicable state and local laws and is committed to providing for nondiscrimination in employment against qualified individuals in accordance with these laws.

Consistent with the commitment, The Corporation will provide reasonable accommodations to otherwise qualified individuals where appropriate to allow the individual to perform the essential functions of the job, unless doing so would create an undue hardship on the business.

When an individual is suffering from a pregnancy-related disability or condition, reasonable accommodation may include, but is not limited to:

- More frequent or longer paid or unpaid breaks
- Time off to attend a pregnancy complication or recover from childbirth with or without pay
- Acquisition or modification of equipment or seating
- Private non-bathroom space for expressing breast milk
- Modified work schedule.

If you require an accommodation because of your disability, it is your responsibility to notify your manager. You may be asked to include relevant information such as:

- A description of the proposed accommodation.
- The reason you need an accommodation.
- How the accommodation will help you perform the essential functions of your job.

The Corporation encourages you to suggest specific reasonable accommodations that you believe would allow you to perform your job. However, the Corporation is not required to make the specific accommodation requested by you and may provide an alternative accommodation to the extent any reasonable accommodation can be made without imposing an undue hardship on the Corporation. If leave is provided as a reasonable accommodation, such leave may run concurrently with leave under the federal Family and Medical Leave Act and/or any other leave whereas permitted by state and federal law. The Corporation will not discriminate or retaliate against team members for requesting an accommodation.

EEO Statement

JimBuddy's Rec Shop is committed to the principles of equal employment. We are committed to complying with all federal, state, and local laws providing equal employment opportunities, and all other employment laws and regulations. It is our intent to maintain a work environment that is free of harassment, discrimination, or retaliation because of sex (including pregnancy, childbirth, and related medical conditions), race, religion, color, national origin, ancestry, physical or mental disability, genetic information, marital status, age (40 and older), LGBTQ+, or any other status protected by federal, state, or local laws. The Corporation is dedicated to the fulfillment of this policy in regard to all aspects of employment, including but not limited to recruiting, hiring, placement, training, promotion, rates of pay, and other compensation, termination, and all other terms, conditions, and privileges of employment.

11.0 Anti-Harassment Policy

JimBuddy's Rec Shop has a strict policy against all types of workplace harassment, including sexual harassment and other forms of workplace harassment based upon an individual's sex (including pregnancy, childbirth, and related medical conditions), race, religion, color, national origin, ancestry, physical or mental disability, genetic information, marital status, age (40 and older), LGBTQ+, or any other status protected by federal, state, or local laws. All forms of harassment of, or by, team members, vendors, visitors, and customers are strictly prohibited and will not be tolerated.

Harassment of employees occurring in the workplace, in connection with work-related travel, and/or work-sponsored events will not be tolerated. Further, any retaliation against an individual who has complained about harassment or retaliation against individuals for cooperating with an investigation of a harassment complaint is similarly unlawful and will not be tolerated.

An employee who feels that he/she is a victim of harassment should immediately report the matter to Human Resources. JimBuddy's Rec Shop takes allegations of harassment seriously and will promptly investigate complaints of harassment. Where it is determined that inappropriate conduct has occurred, we will act promptly to eliminate the conduct and impose such corrective action as is necessary, including disciplinary action where appropriate.

Definitions

"*Harassment*" means unwelcome verbal, visual, or physical conduct creating an intimidating offensive or hostile work environment that interferes with work performance conduct, whether verbal or physical, that is based on a characteristic protected by law. Examples of harassment include:

Verbal (including slurs, jokes, insults, epithets, gestures, or teasing) graphic (including offensive posters, symbols, cartoons, drawings, computer displays, or emails) or physical conduct (including physically threatening another, blocking someone's way, etc.) that belittles, criticizes, or shows hostility or aversion towards an individual because of any protected characteristic.

Such conduct constitutes harassment when (1) it has the purpose or effect of creating an intimidating hostile or offensive working environment or (2) it has the purpose or effect of unreasonably interfering with an individual's work performance, or (3) if otherwise adversely affects an individual's employment.

Harassment may occur related to age, disability, LGBTQ+, genetics, national origin, ancestry, race, color, religion, active military status, or retaliation. The following are examples of other forms of discriminatory harassment.

- Unwanted jokes regarding people of a particular religion or LGBTQ+;
- Derogatory references to a subordinate's or coworker's disability or race includes in email messages; and
- Insulting remarks directed at someone because they exercised their right to file an internal or external discrimination complaint.

"*Sexual harassment*" means sexual advances, requests for sexual favors, and verbal or physical conduct of a sexual nature when:

- Submission to or rejection of such advances, requests, or conduct is made either explicitly or implicitly a term or condition of employment or as a basis for employment decisions; or
- Such advances, requests, or conduct have the purpose or effect of unreasonably interfering with an individual's work performance by creating an intimidating, hostile, humiliating, or sexually offensive work environment.

Under these definitions, direct or implied requests by a supervisor for sexual favors in exchange for actual or promised job benefits such as favorable reviews, salary increases, promotions, increased benefits, or continued employment constitutes sexual harassment.

The definition of sexual harassment is broad. In addition to the above examples, other unwelcome sexually oriented conduct, whether intended or not, that has the effect of creating a work environment that is hostile, offensive, intimidating or humiliating to either male or female workers may also constitute sexual harassment.

While it is not possible to identify every act that constitutes sexual harassment, the following are some examples of sexual harassment:

- Unwelcome request for sexual favors
- Lewd or derogatory comments or jokes

- Comments regarding sexual behavior or the body of another
- Sexual innuendo and other vocal activity such as catcalls or whistles
- Obscene notes, emails, invitations, photographs, cartoons, or other written or pictorial materials of a sexual nature
- Repeated unwanted requests for dates after being informed that interest is unwelcome
- Retaliating against another for refusing a sexual advance or reporting an incident of possible sexual harassment to the Corporation or any government agency
- Offering or providing favors or employment benefits such as promotions, favorable evaluations, favorable assigned duties or shifts, etc. in exchange for sexual favors, and
- Any unwanted physical touching or assaults or blocking or impeding movements.

Other Harassment

Other workplace harassment is verbal or physical conduct that insults or shows hostility or aversion towards an individual because of the individual's sex (including pregnancy, childbirth, and related medical conditions), race, religion, color, national origin, ancestry, physical or mental disability, genetic information, marital status, age (40 and older), LGBTQ+, or any other status protected by federal, state, or local laws.

Again, while it is not possible to list all the circumstances that may constitute other forms of workplace harassment, the following are some examples of conduct that may constitute workplace harassment:

- The use of disparaging or abusive words or phrases, bullying, slurs, negative stereotyping, or threatening, intimidating, or hostile acts that relate to the above protected categories
- Written or graphic material that insults, stereotypes, or shows aversion or hostility towards an individual or group because of one of the above protected categories and that is placed on walls, bulletin boards, email, voicemail, or elsewhere on our premises, or circulated in the workplace; and
- A display of symbols, slogans, or items that are associated with hate or intolerance towards any select group.

Reporting Discrimination and Harassment

If you feel that you have witnessed or have been subjected to any form of discrimination or harassment, immediately notify Human Resources. You may do so in writing or orally. The Corporation prohibits retaliation against team members who, based on a reasonable belief provide information about, complain, or assist in the investigation of any complaint of harassment or discrimination. We will promptly and thoroughly investigate any claim and take appropriate action where we find a claim has merit. To the extent possible, we will retain the confidentiality of those who report suspected or alleged violations of the harassment policy. Prompt reporting of harassment is in the best interest of our organization and is essential to a fair, timely, and thorough investigation. Accordingly, complaints should be filed as soon as possible following the incident(s) at issue. Human Resources is available to discuss any concerns you may have and to provide information to you about our policy on harassment and our complaint process.

Complaint Investigation

When we receive the complaint, we will promptly investigate the allegation in a fair and expeditious manner to determine whether there has been a violation of our policy. The investigation will be conducted in such a way as to maintain confidentiality to the extent practicable under the circumstances. Our investigation will include private interviews with the person filing the complaint and with witnesses. We will also interview the person alleged to have committed harassment. The complainant, the person alleged to have committed harassment, and all witnesses are required to fully cooperate with all aspects of an investigation. Attorneys are not permitted to be present or participate in the complaint investigation. When we have completed our investigation, we will to the extent appropriate, inform the person filing the complaint and the person alleged to have committed the conduct of the results of that investigation.

Notwithstanding any provision of this policy, we reserve the right to investigate and take action on our own initiative in response to behavior and conduct which may constitute harassment or otherwise be inappropriate, regardless of whether an actual complaint has been filed.

Disciplinary Action

If it is determined that inappropriate conduct has been committed by one of our employees, we will take such action as is appropriate under the circumstances. Such action may range from counseling to termination from employment and may include such other forms of disciplinary action as we deem appropriate under the circumstances.

State and Federal Remedies

In addition to the Corporation reporting process, if you believe you have been subjected to harassment, you may file a formal complaint with the government agencies listed here. Using the Corporation complaint process does not prohibit you from filing a complaint with these agencies. Note that claims must be filed with the Equal Employment Opportunity Commission (EEOC) and the Massachusetts Commission Against Discrimination (MCAD) within 300 days.

EEOC Boston Office

Address: John F. Kennedy Federal Building, 475 Government Center, Boston, MA 02203

Phone: 1-800-669-4000

TTY: 1-800-669-6820

ASL Video Phone: 844-234-5122

Website: <https://publicportal.eeoc.gov/portal/>

Acknowledgment of Receipt and Review and Understanding of At-Will Employment Status

By signing below, I acknowledge that I have received a copy of the JimBuddy's Rec Shop Employee Handbook (Handbook) and that I have read it, understand it, and agree to comply. I understand that the Corporation has the maximum discretion permitted by law to interpret, administer, change, modify, or delete the rules, regulations, procedures, and benefits contained in the handbook at any time with or without notice. I understand that no statement or representation by a supervisor, manager, or any other employee, whether oral or written, can supplement or modify this handbook. Changes can only be made if approved in writing by the Director of Operations. I also understand that any delay or failure by the Corporation to enforce any rule, regulation, or procedure contained in the handbook does not constitute a waiver on behalf of the Corporation or effect the right of the Corporation to enforce such rule, regulation, or procedure in the future.

I understand that neither this handbook nor any other communication by a management representative or other, whether oral or written, is intended in any way to create a contract of employment. I further understand that, unless I have a written employment agreement signed by an authorized Corporation representative, I am employed "at-will" and this handbook does not modify my "at-will" employment status. As such, my employment with JimBuddy's Rec Shop is voluntarily entered into, and I am free to terminate it at any time. Similarly, JimBuddy's Rec Shop may terminate the employment relationship whenever it believes it is appropriate with or without cause or notice.

If I have any questions about the meaning or significance of any of the provision in this Handbook, I understand that I should speak to my employer, who will answer my questions for me.

Signature

Date

Print Name

DIVERSITY PLAN – V2

Goals

JimBuddy's Rec Shop is an equal opportunity employer. We value the tremendous diversity of the human experience and believe that this diversity strengthens our business. The goals of the JimBuddy's Rec Shop Diversity Policy are:

1. Provide access and assistance to individuals from minorities, women, veterans, people with disabilities and members of the LGBTQ+ community in relation to finding employment in the adult-use marijuana industry, which includes JimBuddy's Rec Shop.
2. Attract a high number of applicants from the above listed demographics for available positions.
3. Empower local entrepreneurs from the above listed demographics by sponsoring (2) participants in the CCoE (Cannabis Center of Excellence) educational program at Holyoke Community College.
4. To hire at least 10% of workforce from veterans, people with disabilities and LGBTQ+

Programs


JimBuddy's Rec Shop will participate with the following programs:

1. The Cannabis Center of Excellence is operated locally at Holyoke Community College. This program will design training and competency-based internship/apprenticeship pilot programs for entry- to mid-level occupations to meet expected workforce demands in the cannabis industry in Holyoke and the surrounding region. JimBuddy's intends to use this program as a resource to find qualified job applicants and to empower local entrepreneurs by sponsoring participants and participating in industry specific educational seminars.
2. New England Veterans Alliance (NEVA) to post job listings as well as find potential employees. JimBuddy's will also use this platform to communicate with veterans informing them of upcoming training and educational seminars.

Measurements

JimBuddy's will measure progress as follows:

1. Work with partners at NEVA and The CCoE to create a system to actively monitor and evaluate the following key metrics and data on the success, productivity, and compliance to established programs on a bi-annual basis.
 - a. Number of individuals hired, retained and promoted from these programs.
 - b. Number and participation rates of individuals directly referred to these programs by JimBuddy's
 - c. Number of applications received from participants of these programs.
2. Management will conduct an internal review and evaluation on a annual basis of each program and partnership that JimBuddy's participates with and will track the key metrics of their productivity including but not limited to:
 - a. Employees hired from each separate program
 - b. Number of applicants received from each program
3. Annually review workforce to continuously maintain a diverse staff. Review applicants. If needed, redesign ways to attract more diverse staff like veterans, people with disabilities and LGBTQ+

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SOP Owner	Thomas Hobson	Approval	

Standard Operating Procedure EMPLOYEE TRAINING PROGRAM OVERVIEW

1. *Purpose*

The purpose of this document is to outline the Employee Training program.

2. *Scope*

The outline shall cover the various training sessions, training session descriptions, and training session categorical classification (mandatory yearly employee training, mandatory new hire training and advanced employee training).

3. *Prerequisites*

Employee must be a registered agent of JimBuddy's Rec Shop.

4. *Responsibilities*


Management and employees are responsible for ensuring that all required yearly training is completed. Management shall bear the responsibility of scheduling all employee training sessions. Management and employees shall work cooperatively for any advanced training sessions to plan the employee's growth within the organization.

5. *Procedure*

Pursuant to **935 CMR 500.105(2)**, JimBuddy's Rec Shop shall ensure that all qualified establishment registered agents complete minimum training requirements prior to performing job functions and complete a minimum of 8 hours of yearly training. Establishment agents shall be required to complete Responsible Vendor Training prior to performing job functions. Administrative staff who do not handle or sell marijuana are not required to complete RVT or Basic Core Curriculum training but may do so voluntarily as part of fulfilling the 8-hour mandatory training requirement.


In addition to third-party mandatory and non-mandatory training, JimBuddy's Rec Shop has implemented an internal training program to fulfill mandatory yearly training requirements, job specific roles and responsibilities training, and regulatory and organizational policy training. Internal training sessions shall be documented and be maintained in individual employee personnel files. **EF104 – Employee Training Session Form** shall be utilized to document relevant information associated with each individual training session which shall include employee name, date, time, place, length, training type, training topics, employee signature, and the name and title of the presenter.

JimBuddy's Rec Shop may revise existing training sessions or implement additional training sessions to its training program for the purposes improved training quality or effectiveness, regulatory updates, software updates, or any other identified training topic that would benefit employee growth and the organization.


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Listed below are the current employee training sessions and their descriptions:

- Responsible Vendor Training (RVT)** is a mandatory training class offered by third-party trainers and must be completed by all qualified employees prior to performing any employment roles or responsibilities. Topics of discussion associated with RVT include but are not limited to understanding different cannabis products, methods of consumption, potency, effects, absorption time, dosage, mitigating the risk of impaired consumer and ensuring safety of patrons and the public. **Basic Core Curriculum** is a mandatory training class offered by third-party trainers. Topics for discussions include but are not limited to health effects based on type of marijuana product, time to feel impairment, visible signs of impairment, diversion of sales to minors including best practices, compliance and tracking requirements, key laws and rules affecting marijuana registered agents, and acceptable forms of identification including how to check identification, spotting fraudulent identifications and common mistakes made in identification verification. Successfully completing the RVT basic core curriculum is a prerequisite for the **Advanced Core Curriculum**.
- Advanced Core Curriculum** is a training class offered by third-party trainers which is designed to build on knowledge, skills and practices covered in the Basic Core Curriculum. Topics for discussion include but are not limited to are standard and best practices for retail, energy and environmental practices, social justice, implicit bias and diversity, worker safety, food safety and sanitation, confidentiality and privacy, and in-depth coverage of topics presented in Basic Core Curriculum.
- General HR Policies** is an internal training session that shall be presented in an open discussion format based on the **JimBuddy's Rec Shop Handbook**. Topics for discussion shall include but are not limited to Ethics Code, Whistle Blower Policy, Organizational Policy, Drug and Alcohol Policy, Harassment Policies, Confidentiality and Privacy Policies, mandatory immediate dismissal, employee discounts, and any other handbook topic requested by the trainee. Reference **SOP312 – General HR Policies**
- General Operations Policies** is an internal training session that shall be presented in an open discussion format. Topics shall include Workplace Safety, Opening and Closing Procedures, Cleaning and Sanitizing, Public Health, Video Surveillance and Security, Limited and Restricted Access areas Policy, Visitor Logs and Policy, Security Access permissions, and ID verification. Reference **SOP313 – General Operations Policies**
- Emergency Situations** is an internal training session that shall be presented in an open discussion format. Topics shall include emergency events such as fire, burglary, and robbery. Fire exit plans and the acronyms RACER and PASS shall be included as part a fire emergency discussion. Reference **SOP160 - Emergency Action Plan**
- Products, Categories & Naming Conventions** is an internal training session that shall be presented in an open discussion format. This training session shall be a prerequisite to **SOP304 – POS Terminal** training. Topics shall include product types, typical packaging sizes, brands, strain names and strain types, master categories, product categories, product naming conventions and structure, and the LeafLogix ERP system database hierarchy. Reference **SOP301 _ Products, Categories and Naming Conventions – LeafLogix**

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- **Onboarding New Products** is an internal training session that shall consist of informational discussion and hands on training formats. Onboarding training will layout the step-by-step process of entering new products into the LeafLogix ERP system. Topics that shall be covered will include the creation of new vendors, brands, strains, and categories. In addition, step-by-step individual product details shall be covered including but not limited to grams/concentration, flower equivalent, cost, discounts, tax categories, THC content, CBD content, and any other required or relevant data field. Reference **SOP302 – Onboarding New Products – LeafLogix**
- **Ecommerce Website & Product Menu** is an internal training session that shall consist of informational discussion and hands on training formats. The Ecommerce Website training will layout the step-by-step process for onboarding new products to the ecommerce site and maintenance associated with the site. Topics shall include product details required, details viewable by the customer, product pictures, pricing, updating product menus, and other relevant information. Reference **SOP303 - Ecommerce Website & Product Menus**
- **POS Terminal** is an internal training session that shall consist of informational discussion and hands on training formats. The POS Terminal training shall layout the step-by-step process for engagement with in-store customers. The topics that shall be covered include entering customers into the POS system, discounts, legal sales limits, receiving payments, locating products in the ERP system, and system search tips. Reference **SOP304 – POS Terminal**
- **Receiving Procedures** is an internal training session that shall consist of informational discussion and hands on training formats. Informational discussion (Reference **SOP202 – Receiving Process**) topics shall include non-inventory supplies, non-cannabis deliveries, cannabis deliveries, weight verification, product verification, manifests, labeling requirements, acceptance and rejection of delivery, and regulatory compliance. Hands on training shall include the physical receiving process stated above and the step-by-step process of entering products into LeafLogix. Reference **SOP310 – Receiving Inventory – LeafLogix**
- **Shipping Procedures** is an internal training session that shall consist of informational discussion and hands on training formats. Informational discussion (Reference **SOP203 – Cannabis Shipping and Transfers**) topics shall include cannabis product shipping, weight verification, product verification, manifests, labeling requirements, licensed transporters, required information and regulatory compliance. Hands on training shall include the physical shipping process stated above and the step-by-step process of entering products into LeafLogix. Reference **SOP311 – Shipping Cannabis – LeafLogix**
- **Inventory Controls** is an internal training session that shall be presented in open discussion format. Topics shall include inventory controls, internal inventory movements, inventory audits, cannabis storage and security, waste disposal, and purchasing.
- **Incidents, Reporting & Product Recalls** is an internal training session that shall be presented in an open discussion format. Topics shall include Security Incident Reporting, Adverse Reaction Reporting, Customer Complaints and Returns, and the Product Recall Process.
- **Security and Sales System Audits** is an internal training session that shall consist of informational discussion and hands on training formats. Topics shall include Security System Audits, the process for conducting the inspection and testing of the security system, ERP Sales System Audit, and the sales system audit process.

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- **Any other training associated with Metrc, third-party training, or internal training session.**


JimBuddy's Rec Shop classifies training sessions in to 3 categories. The categories and their descriptions are as follows:

- **Mandatory Yearly Training** refers to mandatory training sessions that shall be completed each year by all employees.
- **Mandatory New Hire Training** refers to mandatory training sessions that shall be completed by all new hire employees.
- **Advanced Training** refers to job specific training and training sessions for employee growth within the organization.

**Employees who are not involved with the handling and sales of cannabis may be exempt from some training sessions.*

The tables below outline the training sessions that are associated with each training category:

Mandatory Yearly Training			
Training Session Name	Related Documents	Required Training for: Job Title	Training Time (estimated)
Responsible Vendor Training (Basic Core)	N/A (Third Party)	*All Job Titles	4 hrs
Emergency Situations	SOP160 - Emergency Action Plan	All Job Titles	0.5 hrs
Mandatory New Hire Training			
Training Session Name	Related Documents	Required Training for: Job Title	Training Time (estimated)
Responsible Vendor Training (Basic Core)	N/A (Third Party)	*All Job Titles	2 hrs
General HR Policies	JimBuddy's Handbook	*All Job Titles	0.5 hrs
General Operations Policies	SOP313 - General Operations Policies, SOP102 - Cleaning & Sanitizing, SOP103 - Opening Procedure, SOP104 - Closing Procedure, SOP105 - Public Health, SOP106 - Workplace Safety, SOP142 - Measures to Prevent Loitering, SOP144 - Limited Access Areas, SOP145 - Visitor Policy, SOP147 - Keys, Password, & Keycard Protocols, SOP151 - Video Surveillance Protocols	*All Job Titles	1.5 hrs
Products, Categories & Naming Conventions	SOP301 - Products, Categories & Naming Conventions	*All Job Titles	1 hrs
POS Terminal	SOP304 - POS Terminal	*All Job Titles	1.5 hrs


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Advanced Training			
Training Session Name	Related Documents	Required Training for: Job Title	Training Time (estimated)
Advanced Core Curriculum	N/A (Third Party)		tbd
Onboarding New Products	SOP302 - Onboarding New Products, SOP305 - Setting up New Vendors, SOP306 - Setting up New Brands, SOP307 - Creating New Categories, SOP308 - Setting up New Strains		2 hrs
Ecommerce Website & Product Menu	SOP303 - Ecommerce Website & Product Menu		1 hrs
Receiving Procedures	SOP202 - Receiving Process, SOP310 - Receiving Inventory - LeafLogix	Shift Manager	1 hrs
Shipping Procedures	SOP203 - Cannabis Shipping & Transfers SOP311 - Shipping Cannabis - LeafLogix	Shift Manager	1 hrs
Inventory Controls	SOP143 - Cannabis Waste Disposal, SOP200 - Inventory Controls, Transfers & Procedures, SOP206 - Purchasing, SOP309 - Product Location Movements, SOP146 - Cannabis Storage & Security, SOP148 - Anti-Diversion & Remedial Actions	Shift Manager	1.5 hrs
Incidents, Reporting & Product Recalls	SOP170 - Security Incident Reporting, SOP171 - Product Recalls, SOP172 - Adverse Reaction, SOP173 - Customer Complaints & Returns	Shift Manager Budtender Receptionist	1 hrs
Security & Sales System Audits	SOP501 - Security System Audits, SOP502 - ERP & Sales System Audits	Security	1hrs

**Employees who are not involved with the handling and sales of cannabis may be exempt from some training sessions.*

6. References

935 CMR 500.105(2)
 EF104 – Employee Training Session Form
 JimBuddy's Rec Shop Handbook
 SOP312 – General HR Policies
 SOP313 – General Operations Policies
 SOP160 - Emergency Action Plan

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- SOP301 – Products, Categories & Naming Conventions
- SOP304 – POS Terminal
- SOP302 – Onboarding New Products – LeafLogix
- SOP303 - Ecommerce Website & Product Menus
- SOP304 – POS Terminal
- SOP202 – Receiving Process
- SOP310 – Receiving Inventory – LeafLogix
- SOP203 – Cannabis Shipping and Transfers
- SOP311 – Shipping Cannabis – LeafLogix

7. Reporting

JimBuddy's Rec Shop shall document all internal employee training sessions and all internal training sessions and external/or third-party training sessions shall be included in the individual employee personnel files which shall be made available upon request of the commission.

8. Revision History

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JOB DESCRIPTIONS

BUDTENDER

Roles & Responsibilities:

- Provide exceptional customer service
- ID customers and verify age
- Facilitate sales transactions and record sales in a POS system
- Provide information and education to customers
- Make recommendations and upsell
- Assist management in accounting of inventory and cash
- Perform opening and closing procedures of the establishment
- Restock inventory and receive deliveries
- Assist with daily cleaning
- Cross train to perform multiple tasks
- Perform additional tasks as needed

Knowledge & Abilities

- Ability to communicate clearly and effectively with customers and management
- Possess a high level of organizational skill
- Possess interpersonal skills
- Ability to thrive in an extremely busy environment
- Ability to remain calm in stressful situations
- Ability to be cross-training in multiple roles
- Knowledge of weights and measures and monetary transactions
- Ability to stand for long periods of time
- Understanding of incident report processes
- Understand and comply with organizational rules, processes, and policies
- Understand and comply with State and local regulations

Qualifications

- Retail, sales or customer service experience (preferred)
- Cash handling experience (preferred)
- High School Diploma or equivalent

Reporting

- This position reports to the Shift Manager

RECEPTIONIST

Roles & Responsibilities:

- Provide top notch customer service
- ID customers and verify age
- Understand and operate in a manner consistent with proper phone etiquette
- Bear responsibility for incoming phone communications and messaging
- Assist visitors following the strict visitor policy
- Enter customer data into POS
- Update menu board

- Post notifications regarding events, closures and recalls
- Knowledge and actions associated with internal processes
- Perform opening and closing procedures of the establishment
- Cross-train to perform multiple roles
- Perform other related duties as needed

Knowledge & Abilities

- Ability to communicate clearly and effectively with customers and management
- Possess a high level of organizational skill
- Thrives in an extremely busy environment
- Possess interpersonal skills
- Ability to stand for long periods of time
- Understanding of internal incident reporting processes
- Understand and comply with organizational rules, processes, and policies
- Understand and comply with State and local regulations

Qualifications

- High School Diploma or equivalent (preferred)

Reporting

- This position reports to the Shift Manager

SHIFT MANAGER

Roles & Responsibilities:

- Manage staff responsibilities
- Provide exceptional customer service
- Investigate and report incidents
- Ensure organizational regulatory compliance
- Ensure organizational rules, processes and policies are adhered to
- Understand and perform inventory transfers & onboarding of new products
- Understanding and actions associated with incident report processes
- Security and Sales system audits
- Inventory audits
- Assist with scheduling
- Daily inventory and cash accounting
- High level of understanding of the inventory controls processes
- Assistance with Training sessions and Performance evaluations
- Knowledge and actions associated with internal processes
- Perform opening and closing procedures of the establishment
- Assist other positions as needed
- Perform other related tasks

Knowledge & Abilities

- Ability to problem solve
- Ability to manage/supervise employees and encourage employee growth
- Ability to communicate clearly and effectively with customers, staff, and management
- Possess a high level of organizational skill
- Possess interpersonal skills
- Possess a high level of competence for attention to detail
- Knowledge of weights and measures and monetary transactions
- Understand and comply with organizational rules, processes, and policies
- Understand and comply with State and local regulations

Qualifications

- Retail sales management (preferred)

- Customer service skills
- High School Diploma or equivalent

Reporting

- This position reports to the General Manager

SECURITY ATTENDANT

Roles & Responsibilities:

- Provide top notch customer service
- ID customers and verify age
- Manage guests, customers and visitors seeking entry to the establishment
- Maintain an orderly manner for entry to the establishment
- Monitor the entry and exit of customers at the establishment
- Monitor parking lots
- Ability to pull video from surveillance equipment
- Effectively communicate with law enforcement and government agencies
- Investigate incidents and provide reports

Knowledge & Abilities

- Ability to communicate clearly and effectively with customers and management
- Possess a high level of organizational skill
- Possess interpersonal skills
- Ability to remain calm in stressful situations
- Ability to stand for long periods of time
- Understand and comply with organizational rules, processes, and policies
- Understand and comply with State and local regulations

Qualifications

- Physical qualifications to stand, walk, stoop and bend throughout the shift
- High School Diploma or equivalent
- Customer Service experience (preferred)

Reporting

- This position reports to the General Manager

GENERAL MANAGER

Roles & Responsibilities:

- Manage day-to-day retail operations and a team of 10-15 budtenders, with a strong emphasis on maintaining efficient and compliant operations
- Maintain compliance with all company policies and procedures
- Stay current with all State mandated laws and regulations and make changes to operation protocols and SOPs to always maintain State compliant
- Identify potential areas of compliance vulnerability and risk and develop/implement corrective action plans for the resolution of potential issues
- Oversee internal audits to ensure compliance and minimize risk
- Oversee the administration, maintenance and accuracy of all required reports, documentation and equipment
- Coordinate the transportation, security and compliance protocols surrounding the logistics and successful delivery of products
- Comply with any additional operational and compliance tasks

Knowledge & Abilities

- Ability to communicate clearly and effectively with team members, customers and visitors and management

- Possess a high level of organizational skills
- Ability to lead and motivate a team
- Ability to handle confidential and sensitive information
- Ability to remain calm in stressful situations
- Ability to build and foster community and organizational relationships
- Knowledge of weight and measures, and monetary transactions
- Understanding of internal incident reporting processes
- Understand and comply with organizational rules, processes, and policies
- Understand and comply with State and local regulations

Qualifications

- Bachelor's Degree (B.A. or B.S.) from an accredited college (preferred)
- Excellent verbal/written communication skills
- Attention to detail with ability to prioritize
- Time Management skills

Reporting

- This position reports to the President

MARKETING

Roles & Responsibilities:

- Run a successful sales campaign from start to finish, including providing metrics
- Maintain an engaging presence across the multiple social media channels
- Data research
- Create email blasts
- Create short videos
- Start You Tube channel to provide education and demo products
- Promote events and special guests

Knowledge & Abilities


- Ability to work independently and with a team
- Ability to work under pressure and meet strict timelines
- Ability to communicate clearly and effectively with customers, staff and management
- Possess a high level of organizational skills
- Possess interpersonal skills
- Possess a high level of competence for attention to detail
- Understand and comply with organizational rules, processes, and policies
- Understand and comply with State and local regulations

Qualifications

- Must be creative, witty and motivated
- Previous experience planning and executing marketing events and campaigns
- High School Diploma or equivalent (preferred)

Reporting

- This position reports to the President

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Standard Operating Procedure ENERGY CONSERVATION

1. Purpose

The purpose of this document is to outline energy conservation measures that have been put in place and to outline plan for future energy conservation.

2. Scope

The scope of this document shall cover an energy conservation audit that has been completed, the recommendations associated with the audit, actions taken in response to the audit and to state a plan for any future energy conservation considerations.

3. Prerequisites

n/a

4. Responsibilities

Management shall take all reasonable actions to ensure best practice energy conservation measures are put into place for any future purchases or operations that require the consumption of energy. Management shall be responsible for periodical audits and actions associated with energy conservation.


5. Procedure

Energy Conservation Measures Taken:

JimBuddy's Rec Shop, in alignment with a plan to remain energy conservation conscious, requested, as part of marijuana establishment remodel, that Chicopee Electric Light (CEL) audit the retail space and recommend effective energy efficiency improvements that would result in electric energy savings. CEL performed a facility audit and returned the following recommendations:

Recommended Energy Conservation Measure	Annual Electric Savings (kWh)
LCM-1: LED Lighting	466
LCM-2: Wi-Fi Programmable Thermostat	346
LCM-3: Lighting Occupancy Sensors	201
Total Annual Electric Savings:	1,013

Per the recommendations of CEL, Jimbuddy's Rec Shop has implemented the following energy conservation measures:

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- LCM1 – LED Lighting requires less wattage to operate and provide a longer lifetime, resulting in less energy and maintenance costs. LEDs also provide better lighting quality.
- LCM2- Wi-Fi programmable thermostats provide the ability to implement temperature setbacks during times when the premises is unoccupied. The temperature setbacks save energy by reducing the electrical load.
- LCM3 – Lighting occupancy sensors in low traffic areas can reduce run hours by as much as 30% by turning off lighting when the area is not occupied.

CEL has identified other measures for consideration but will require further investigation to determine if any of these energy efficiency improvements would result in an electrical energy savings.

Energy Conservation Future Considerations:

JimBuddy’s Rec Shop as a matter of policy shall remain energy conservation conscious in its operations, and business growth by committing to the following actions:

- Prioritize effective energy efficiency when purchasing any energy consumption device, machine, transportation vehicle, electronics or any other apparatus that consumes energy.
- Periodic energy conservation audits to establish any measures that would effectively conserve energy.
- Any other measures or techniques that would conserve energy.

6. References

n/a

7. Reporting

As required by the Commission.

8. Revision History

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