

**MAINE STATE HOUSING AUTHORITY
INSURANCE REQUIREMENTS FOR
MULTI-FAMILY AND SUPPORTIVE HOUSING**

The following insurance requirements apply to all multi-family residential rental projects and supportive housing projects that are or will be financed by Maine State Housing Authority (“MaineHousing”).

The requirements contained herein are the minimum requirements of MaineHousing and are for the sole benefit of MaineHousing as lender. MaineHousing is in no way representing or warranting that the minimum coverage required herein is adequate. The Developer is solely responsible for providing and determining the adequacy of insurance coverage for the Developer and the project.

Maine Housing reserves the right, at any time, and as conditions warrant, to modify the insurance requirements, including without limitation, requiring additional insurance coverage of such types and in such amounts and form as MaineHousing determines is necessary or in its best interest.

COMPLIANCE CHECKLIST

The MaineHousing Insurance Compliance Checklist(s), in form and substance prescribed by MaineHousing, must be completed by the insurance agent(s) providing insurance coverage for a project. The completed MaineHousing Insurance Compliance Checklist(s) must be submitted to MaineHousing for review prior to any loan closing.

GENERAL

All required insurance coverage shall:

- Be in form acceptable to MaineHousing;
- Be provided at the sole cost and expense of the developer, including without limitation, any deductible or self-insured retention, and coverage shall apply for the benefit of MaineHousing. Any deductible must be approved by MaineHousing unless specified as acceptable elsewhere in this document;
- Be in effect prior to the commencement of any activities covered by such insurance and shall remain valid and in effect during the term of the financing, except any insurance coverage during the course of construction of projects shall remain valid and in effect during the term of the construction contract and any extended warranty period unless another period is specified elsewhere in this document;
- Be issued by an insurer licensed to do business in the State of Maine, or if not so licensed, approved by the Maine Superintendent of Insurance, and currently rated “A VIII” or better by AM Best;

- Provide at least 30 days written notice to MaineHousing prior to the effective date of any assignment, cancellation, non-renewal or modification, except for nonpayment of premium in which case at least 10 days' written notice to MaineHousing prior to the effective date of cancellation or non-renewal shall be provided;
- During construction without any MaineHousing financing (either directly or through a participation in the construction loan), include "*Maine State Housing Authority, its successors and assigns*" with a mailing address of 26 Edison Drive, Augusta, Maine, 04330, or such other address as MaineHousing may designate from time to time as "Certificate Holder"; and
- During the term of any MaineHousing financing (either directly or through a participation in the construction loan), include "*Maine State Housing Authority, its successors and assigns*" with a mailing address of 26 Edison Drive Augusta, Maine, 04330, or such other address as MaineHousing may designate from time to time, as "Mortgagee" and "Lenders Loss Payee" on all builder's risk coverage, property coverage, boiler and machinery coverage and flood coverage (as applicable) and as "Additional Insured" on all general liability and umbrella liability coverage. The additional insured endorsement shall state "*Maine State Housing Authority, its successors and assigns, is an additional insured for both ongoing and completed operations and should provide the same coverage as ISO CG 20 10 (11-85 version). Endorsements with coverage no less broad than ISO CG 20 26 (07-04 version) with ISO CG 20 37 (07-04 version) shall also be provided; and*
- During the term of any MaineHousing financing (either directly or through a participation in the construction loan), no adjustments/changes shall be made to insurance coverage without prior MaineHousing approval.

Developers shall submit certificates of insurance evidencing in-force coverage to MaineHousing for review and approval and evidence of payment of premiums for all required insurance coverage prior to loan closing. Developers shall submit renewal certificates to MaineHousing for review and approval at least 15 days prior to the expiration of the existing coverage. Each certificate of insurance shall be accompanied by a checklist in form prescribed by MaineHousing analyzing whether the insurance coverage evidenced by the certificate complies with these requirements. The checklist shall be completed and signed by the insurance agent issuing the certificate of insurance.

MaineHousing may, at any time, request a copy, certified copy or original of the policy and any endorsements for any or all of the required insurance coverage. Upon request, a developer shall promptly deliver all requested insurance policies and endorsements to MaineHousing in the form requested.

MaineHousing's acceptance of any certificate or policy of insurance does not guarantee compliance with the requirements set forth herein or waive any right of MaineHousing to determine that the coverage does not comply with the requirements.

REQUIREMENTS DURING CONSTRUCTION

The following insurance shall be obtained and maintained during the construction of the project unless another period is specified elsewhere in this document.

A. Builder's Risk Insurance

Builder's risk insurance can be provided by the owner or the general contractor of the project, provided if the general contractor provides the coverage, the owner, its successors and assigns, must be named as an additional insured on the policy.

Amount/Valuation 100% of the completed value of all structures (existing and to be constructed) and all materials, equipment, supplies and temporary structures being built or stored at or near the construction site. Completed value will be determined by MaineHousing in its sole discretion. Completed value will not include any site or land costs other than demolition.

Loss recoveries must be valued at completed value without deduction for depreciation. For rehabilitation projects, building shells and other salvageable components shall be insured for replacement cost. Replacement cost for historic structures or structures located in an historic district will depend on historic preservation requirements for replacing the structure.

Coverage Must be written on special form or all-risk basis.

No exclusions for scaffolding.

No exclusions for testing.

No coinsurance provision shall apply. An Agreed Value Endorsement is required if the policy includes a coinsurance provision.

Coverage must include the interest of the owner, all contractors, subcontractors and suppliers as their interests may appear. Rights of subrogation against MaineHousing must be waived.

Additional Coverage Earthquake – 100% of completed value where required by MaineHousing.

Flood if located in a designated special flood hazard area (*Zone A or Zone V or any zone with an A prefix*) – maximum coverage available under the National Flood Insurance Program (“NFIP”). MaineHousing may require additional coverage in

an amount up to 100% of completed value as determined by MaineHousing based on the location of the project within the designated special flood hazard area and the history of flooding.

Flood if not located in a designated special flood hazard area, but is otherwise required by MaineHousing based on the property's proximity to a designated special flood hazard area and history of flooding – 100% of completed value.

Wind/Hail and Named Windstorm – 100% of completed value.

Delay of Opening (loss of income) equal to 100% of anticipated gross annual rents.

Soft Cost Endorsement (indemnification of finance charges).

Permission to Occupy Endorsement (permission is granted for occupancy of the insured project for the purpose it was intended).

Deductible Up to \$25,000 unless a higher limit is approved by MaineHousing. Named Wind may include up to \$100,000 minimum or 2%.

Term Builders risk insurance coverage shall remain valid and in effect until a permanent property policy acceptable to MaineHousing is in place at completion of construction.

Insured Owner or General Contractor.

Additional Insured Owner, Maine State Housing Authority, its successors and assigns, if coverage is provided by the General Contractor.

B. Owner Insurance Coverage

Commercial General Liability

Minimum Amount \$2,000,000 General Aggregate.
\$2,000,000 Products and Completed Operations Aggregate.
\$1,000,000 Personal and Advertising Injury.
\$1,000,000 Each Occurrence.

Aggregate limits shall apply on a “per location” or “per project” basis.

MaineHousing may require higher limits.

Coverage	No less broad than latest ISO form CG 00 01, but does not have to be on the ISO form. Coverage may exclude War, Abuse and Molestation, Fungus, Nuclear Energy, Employment-related Practices, Asbestos and Terrorism. All other exclusions must be reviewed and approved by MaineHousing.
Form	Occurrence basis form.

Workers' Compensation/Employer's Liability Insurance

If the owner of the project is a limited partnership or limited liability company and does not have any employees, these requirements apply to the general partner(s) or member(s)/manager(s).

Minimum Amount	\$500,000 Each Accident. \$500,000 Disease – Each Employee. \$500,000 Disease – Policy Limit. or amounts required by statute, whichever is greater.
Coverage	Insurance or an approved self-insurance program with coverage required under Maine Workers' Compensation Act.

Automobile Liability Insurance

Minimum Amount	\$1,000,000 Each Accident.
Coverage	Owned, hired and non-owned vehicles.
Form	ISO form CA 00 01 or equivalent.

Umbrella Liability Insurance

Minimum Amount	\$1,000,000 for structures with 1-3 floors, \$3,000,000 4-5 floors, \$5,000,000 6-9 floors and \$10,000,000 10 floors and above.
Coverage	Excess of General Liability, Automobile Liability and Employer's Liability. No less broad than General Liability, Automobile Liability and Employer's Liability.
Form	Occurrence basis form.

C. Contractor Insurance Coverage (includes general contractors, construction managers and major subcontractors)

Commercial General Liability

Minimum Amount	\$2,000,000	General Aggregate.
	\$2,000,000	Products and Completed Operations Aggregate.
	\$1,000,000	Personal and Advertising Injury.
	\$1,000,000	Each Occurrence.

Aggregate limits shall apply on a “per location” or “per project” basis.

MaineHousing may require higher limits.

Coverage	No less broad than latest ISO form CG 00 01, but does not have to be on the ISO form.
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Coverage may exclude War, Abuse and Molestation, Fungus, Nuclear Energy, Employment-related Practices, Asbestos and Terrorism. All other exclusions must be reviewed and approved by MaineHousing.

Form	Occurrence basis form.
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Workers’ Compensation/Employer’s Liability Insurance

Minimum Amount	\$500,000 Each Accident, \$500,000 Disease – Each Employee, \$500,000 Disease – Policy Limit, or amounts required by statute, whichever is greater.
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Coverage	Insurance or an approved self-insurance program with coverage required under Maine Workers’ Compensation Act.
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Automobile Liability Insurance

Minimum Amount	\$1,000,000 Each Accident.
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Coverage	Owned, hired and non-owned vehicles.
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Form	ISO form CA 00 01 or equivalent.
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Umbrella Liability Insurance

Minimum Amount	\$1,000,000 for structures with 1-3 floors, \$3,000,000 4-5 floors, \$5,000,000 6-9 floors and \$10,000,000 for 10 floors and above.
Coverage	Excess of General Liability, Automobile Liability and Employer's Liability. No less broad than General Liability, Automobile Liability and Employer's Liability.
Form	Occurrence basis form.

D. Design Professional Coverage (including architects and engineers)

Professional Liability (Errors and Omissions) Insurance

Minimum Amount	\$1,000,000 Each Occurrence. \$1,000,000 Aggregate. For projects with total construction costs less than \$1,500,000, MaineHousing may consider lower coverage amounts, but in no case, less than \$500,000 Each Occurrence and \$500,000 Aggregate.
Coverage	If coverage is on claims made basis, the retroactive date must predate the work being performed.
Term	Coverage must remain in place for 3 years after project completion.

**E. Environmental Remediation Contractor's Coverage (only projects
contaminated with hazardous substances, lead, asbestos and other pollutants)**

Pollution Liability Coverage

Minimum Amount	\$1,000,000.
Coverage	Cleanup, property damage and bodily injury. The retroactive date must pre-date the remediation work start date.

REQUIREMENTS FOR COMPLETED PROJECTS

The following insurance shall be obtained and maintained by the owner of the project during the term of MaineHousing's financing.

Property Insurance Coverage

Amount/Valuation 100% of the replacement cost of all structures, improvements and contents. Replacement value shall be determined by MaineHousing. Replacement cost for historic structures or structures located in an historic district will depend on historic preservation requirements for replacing the structure.

Loss recoveries must be valued at replacement cost without deduction for depreciation.

No coinsurance provision shall apply. An Agreed Value Endorsement is required if the policy includes a coinsurance provision.

Coverage must include the interest of the owner and all other interests as they may appear. Rights of subrogation against MaineHousing must be waived.

Coverage/
Endorsements

Must be written on Special form or All-Risks basis including terrorism.

Earthquake – 100% of completed value where required by MaineHousing.

Wind/Hail and Named Windstorm – 100% of the replacement cost.

Flood if located in a designated special flood hazard area (*Zone A or Zone V or any zone with an A prefix*) – maximum coverage available under the NFIP. MaineHousing may require additional coverage in an amount up to 100% of the replacement cost as determined by MaineHousing based on the location of the project within the designated special flood hazard area and the history of flooding.

Flood if not located in a designated special flood hazard area, but if otherwise required by MaineHousing based on the property's proximity to a designated special flood hazard area and history of flooding – 100% of the replacement cost.

Loss of Rental Income coverage equal to 100% of anticipated gross annual rents.

Ordinance and Law coverage for non-conforming properties at no less than 100% replacement cost for loss to undamaged portion and 10% of the value of all structures and improvements for both demolition and increased cost of construction (20% if demolition and increased cost of construction coverages are combined).

Deductible 20 units or more – up to \$25,000 unless a higher limit is approved by MaineHousing. Named Windstorm may include up to \$100,000 minimum or 2%. Projects with 20 units or fewer may carry up to \$10,000.

Form ISO Form CP 10 30 (*Special Cause of Loss*) or equivalent

Evidence of coverage must be on *ACORD Form 28* indicating compliance with the property insurance requirements set forth herein.

If written on a Business Owner's Policy, ISO Form BP 04 83 is required.

National Flood Insurance Program form for flood, if required.

Equipment Breakdown (Boiler & Machinery) Insurance Coverage

Amount/Valuation 100% of the replacement cost of all structures, improvements and contents. Replacement value shall be determined by MaineHousing. Replacement cost for historic structures or structures located in an historic district will depend on historic preservation requirements for replacing the structure.

Loss recoveries must be valued at replacement cost without deduction for depreciation.

No coinsurance provision shall apply. An Agreed Value Endorsement is required if the policy includes a coinsurance provision.

Coverage must include the interest of the owner and all other interests as they may appear. Rights of subrogation against MaineHousing must be waived.

Coverage/
Endorsements Loss of Rental Income coverage equal to 100% of anticipated gross annual rents.

Ordinance and Law coverage at no less than 10% of the value of all structures and improvements for both demolition and increased cost of construction (20% if demolition and increased cost of construction coverages are combined).

Deductible 20 units or more – Up to \$25,000 unless a higher limit is approved by MaineHousing, Projects with 20 units or fewer may carry up to \$10,000.

24-hour maximum deductible on Business Interruption/Income.

Form *ACORD Form 28* indicating compliance with these requirements.

Crime Coverage

If the property manager has custody of the owner’s funds, both the owner and the property manager must obtain and maintain this coverage.

Amount 25% of anticipated gross annual rents.

Coverage Employee Dishonesty, Forgery and Alteration.

Commercial General Liability

Minimum Amount \$2,000,000 General Aggregate.
\$2,000,000 Products and Completed Operations Aggregate.
\$1,000,000 Personal and Advertising Injury.
\$1,000,000 Each Occurrence.

Aggregate limits shall apply on a “per location” or “per project” basis.

MaineHousing may require higher limits.

Coverage No less broad than latest ISO form CG 00 01, but does not have to be on the ISO form.

Coverage may exclude War, Abuse and Molestation, Fungus, Nuclear Energy, Employment-related Practices, Asbestos and Terrorism. All other exclusions must be reviewed and approved by MaineHousing.

Form Occurrence basis form.

Workers' Compensation/Employer's Liability Insurance

If the owner is a limited partnership or limited liability company and does not have any employees, these requirements apply to the general partner(s) or member(s)/manager(s).

Minimum Amount	\$500,000 Each Accident, \$500,000 Disease – Each Employee, \$500,000 Disease – Policy Limit, or amounts required by statute, whichever is greater.
Coverage	Insurance or an approved self-insurance program with coverage required under Maine Workers' Compensation Act.

Automobile Liability Insurance

Minimum Amount	\$1,000,000 Each Accident.
Coverage	Owned, hired and non-owned vehicles.
Form	ISO Form CA 00 01 or equivalent.

Garagekeepers Liability Insurance (if owner provides for-fee parking to public)

Minimum Amount	\$25,000 per vehicle.
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Umbrella Liability Insurance

Minimum Amount	\$1,000,000 for structures with 1-3 floors. \$3,000,000 4-5 floors. \$5,000,000 6-9 floors. \$10,000,000 for 10 floors and above.
Coverage	Excess of General Liability, Automobile Liability and Employer's Liability. No less broad than General Liability, Automobile Liability and Employer's Liability.
Form	Occurrence basis form.

Pollution Liability Coverage (only projects contaminated with hazardous substances, lead, asbestos and other pollutants)

Minimum Amount	\$1,000,000.
Coverage	Cleanup, property damage and bodily injury.

Certificate Holder

Mortgagee, Lender's Loss Payable and Additional Insured wording:

Maine State Housing Authority, its successors and assigns
26 Edison Drive
Augusta, ME 04330

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