MassHousing
(Massachusetts Housing Finance Agency)
Multifamily Insurance Requirements

MassHousing (the Massachusetts Housing Finance Agency) requires, as a condition of its mortgage loan commitment and as a covenant of its mortgage, that Borrowers maintain, or cause to be maintained, insurance in connection with multifamily housing developments financed by MassHousing. This document sets forth the policies and procedures with respect to such insurance coverages (the "Insurance Requirements"), including the types, amounts and terms of coverage to be provided. In stating these Insurance Requirements, which specify the minimum levels of insurance to be maintained, MassHousing makes no representation that the required coverages are adequate to fully protect the insured(s) and recommends that the insured(s) make an independent determination as to the adequacy of the coverage obtained with respect to a particular development.

These Insurance Requirements are subject to change, and may not be modified or waived, in whole or in part, except with the prior written authorization of MassHousing's Vice President of Multifamily Programs or approved designee.

These Insurance Requirements are applicable to all MassHousing multifamily developments, except as hereby noted. Loans insured by HUD under the Multifamily Accelerated Processing Program ("MAP") are not subject to these Insurance Requirements. For insurance requirements for MAP deals, please refer to Section A.8.

General Requirements Applicable to All Required Coverage – Parts I and II

A. General Requirements.

The following general requirements shall apply to each policy required:

A.1. MassHousing Definition

MassHousing shall mean the Massachusetts Housing Finance Agency.

A.2. Contracts and/or Agreements with Hired Parties and Property Managers

The Borrower shall require, through a written and executed contract or agreement with any architect, contractor, hired party (subcontractors, trade contractors, vendors, consultants, and any other parties that provide materials, services or perform construction or other work in connection with the project or work for the Borrower or the Contractor as applicable, collectively "Hired Parties") or property manager, compliance with these Insurance Requirements. The Borrower shall be responsible for obtaining certificates of insurance and endorsements for all coverage required from each party prior to the start of any services and for obtaining and maintaining renewal certificates of insurance for the required term of coverage.

A.3. Additional Insured

Each Commercial General Liability (CGL), Automobile Liability and Umbrella or Excess Liability policy provided by Borrower, architect, contractor, any other Hired Parties as applicable, and management company shall include, or be endorsed to include MassHousing (and Borrower as applicable), as additional insureds on a primary and non-contributory basis. Additional insured coverage under the CGL shall include ongoing operations and completed operations with completed operations coverage provided and maintained as described in the Commercial General Liability section.

CGL Additional Insured coverage provided *by* Borrower to MassHousing shall be provided on form CG 20 18 "Additional Insured – Mortgagee, Assignee or Receiver" or by any form providing equivalent or better coverage.

CGL Additional insured coverage provided *to* Borrower shall be provided on forms CG 20 10 "Additional Insured – Owners, Lessees or Contractors – Scheduled Person or Organization" and CG 20 37 "Additional Insured – Owners, Lessees or Contractors – Completed Operations" or by any forms providing equivalent, such as automatic status forms with no added restrictions, or better coverage.

A.4. Primary and Noncontributory

All required coverage of Borrower, architect, contractors, or any Hired Parties as applicable, shall be primary to any coverage available to MassHousing, and Borrower as applicable. The coverage afforded shall be primary as respects any claims, losses, damages, expenses, or liabilities arising out of, relating to in any way, or incident to the property of the Borrower or work or any activities of architect, contractors, any Hired Parties, as applicable, or property management company, regardless of whether instituted against MassHousing or Borrower alone or jointly with the architect, contractors, any Hired Parties, as applicable, property management company or others, and noncontributing with any other insurance maintained by MassHousing, or Borrower as applicable.

A.5. Subrogation

Borrower and architect, contractors, and any Hired Parties as applicable shall waive all subrogation and recovery rights in favor of MassHousing under all required coverages. Additionally, Borrower's and all architects', contractors', subcontractors', and Hired Parties', as applicable, insurance policies shall waive, or be endorsed to waive, rights of recovery by subrogation, regardless of negligence, in favor of MassHousing.

A.6. Evidence of Insurance

Certificates of insurance evidencing in-force coverage for all required coverage must be provided to, and approved by, MassHousing prior to loan inception date and, in the case of policy renewals, prior to the existing policy termination date. Temporary evidence of coverage will be accepted prior to the loan inception date. Where MassHousing will only be providing financing of the completed development, the insurance certificates must be provided prior to the execution of the permanent loan agreement. All coverage must include the interest of MassHousing.

If requested, a complete copy of any required policy, either the original policies or certified copies of the original policies, shall be delivered to MassHousing, within 10-days from the date of request by MassHousing or within 30-days of the policy being issued.

Insurance certificates must be provided on Acord form 28 for Property coverage, and Acord form 25 for Liability coverage. All other forms are subject to approval by MassHousing.

Certificates of insurance or Evidence of Property Insurance should be addressed to the Loan Servicing Group in the Rental Operations Division of MassHousing.

Massachusetts Housing Finance Agency
Loan Servicing Group, Rental Operations Division
One Beacon Street
Boston MA 02108

Each policy required by these Insurance Requirements shall be endorsed to provide at least 30-days' notice, or 10-days' in the event of non-payment of premium, to MassHousing if the insurer, insured or any other party cancels, reduces, amends or materially alters the policy in any manner. If the insurance company will not agree to provide notice of cancellation, the Borrower, within seven (7) days of the date the Borrower becomes aware of an impending or actual cancellation, non-renewal or expiration of any insurance required by MassHousing, shall provide written notice to MassHousing of such impending or actual cancellation, non-renewal or expiration. Upon receipt of notice from the Borrower, MassHousing shall, unless the lapse in coverage arises from an act or omission of MassHousing, have the right but not the obligation to procure replacement coverage at Borrower's expense. The furnishing of notice by the Borrower shall not relieve the Borrower of any contractual obligation to provide any of the required coverage. The Borrower shall require similar notice from its Hired Parties. The foregoing does not waive any requirement under Massachusetts law or regulation that MassHousing be provided notice of cancellation directly by an insurer.

Renewal insurance certificates must be provided to MassHousing a minimum of 15 days prior to the expiration of policies.

A.7. Insurance Company Licensing and Rating

Insurance policies are to be issued by companies licensed to do business in the Commonwealth of Massachusetts, and if not so licensed, then by companies approved by the Massachusetts Commissioner of Insurance. All insurance shall be written by companies with a minimum Best's Rating of A-IX.

A.8. Loans Insured by HUD under the Multifamily Accelerated Processing (MAP) Program

Where MassHousing loans are insured by HUD under the MAP Program, the loans shall not be subject to these requirements. Instead, all MassHousing loans insured by HUD under the MAP Program must have insurance policies and certificates meeting the requirements of form HUD-92447 and HUD's Multifamily Accelerated Processing Guide.

For such loans, all additional insured and waiver of subrogation endorsements shall include MassHousing and also include the interests of and name:

Assistant Secretary for Housing-Federal Housing Commissioner, DHUD, Washington, D.C., their successors, or assigns, as interest may appear, The Assistant Secretary for Housing, and U.S. Dept. of H.U.D. and their interests.

This entity shall be included in all evidence and certificates of insurance documents where loans are insured by HUD under the MAP Program.

A.9. Obligation to Provide Insurance

Receipt of insurance certificates or copies of policies or endorsements without objection by MassHousing does not constitute acceptance or approval of insurance nor does it relieve the Borrower from their respective obligations to provide the required insurance. The obligation to procure and maintain any insurance required by the Insurance Requirements is a separate responsibility of Borrower and independent of the duty to furnish copies or evidence of such insurance policies. MassHousing does not warrant that meeting the required insurance coverage and limits will be sufficient to protect the interests of the Borrower. These are minimum requirements established to protect the interest of MassHousing. Without limitation, the Borrower shall bear the risk of any loss not covered by the insurance policies that it maintains. In no event shall the coverage or limits in these Insurance Requirements be considered as limiting the liability of the Borrower.

A.10. Deductibles and/or Self-Insured Retentions

Any deductibles and/or self-insured retentions shall be disclosed on all certificates of insurance. The Borrower and its architect, contractors, or any Hired Parties as applicable, shall be exclusively responsible for any deductibles and/or self-insured retentions applicable to the insurance provided. In no event shall MassHousing bear any responsibility for such liabilities.

A.11. Terrorism

All required coverage shall include terrorism coverage for certified acts of terrorism. Terrorism coverage may be waived at the sole discretion of MassHousing.

PART I - Developments in the Course of Construction or Rehabilitation

This part contains the Insurance Requirements for all developments during the course of construction or rehabilitation financed or to be financed by MassHousing.

B. Borrower Required Coverage

B.1. Commercial General Liability Insurance

a) Coverage for Commercial General Liability should be provided on an occurrence policy form at least as broad as the broadest available version of Insurance Services Office, Inc. (ISO) form CG 00 01, and should include coverages for premises and operations, personal and advertising injury and products and completed operations. No amending or exclusionary endorsements material to Borrower’s obligations in the Contract may be attached. The primary policy general aggregate must apply on a "per location/project" basis and should be no less than $2,000,000.

b) MassHousing must be included as an Additional Insured as directed in A.A.3. in the General Requirements section. Copies of additional insured endorsements must be included with the certificate of insurance.

c) Limits may be provided through a combination of primary and umbrella and/or excess policies and shall not be less than the following:

1-3 Stories - $5,000,000 per occurrence, $5,000,000 general aggregate, $5,000,000 personal and advertising injury, $5,000,000 products-completed operations aggregate.

4-10 Stories - $10,000,000 per occurrence, $10,000,000 general aggregate, $10,000,000 personal and advertising injury, $10,000,000 products-completed operations aggregate.

11-20 Stories - $15,000,000 per occurrence, $15,000,000 general aggregate, $15,000,000 personal and advertising injury, $15MM products- completed operations aggregate.

20+ Stories - $25,000,000 per occurrence, $25,000,000 general aggregate, $25,000,000 personal and advertising injury, $25,000,000 products-completed operations aggregate.

MassHousing reserves the right to require higher limits of liability at their sole discretion.

B.2. Umbrella and/or Excess Liability Insurance

a) Coverage may be used to satisfy the required limits of this section. MassHousing has the right to require additional limits of liability.

b) Coverage shall be excess of Commercial General Liability, Automobile Liability, and Employers Liability.

c) Policy must be written on an occurrence basis.

d) Coverage is to be no less broad than underlying liability policies.

e) MassHousing must be included as Additional Insured.

B.3. Automobile Liability Insurance

Borrower shall provide evidence of Commercial Automobile Liability Insurance for owned (if applicable), non-owned, and hired vehicles with a minimum limit of $1,000,000 each accident.

B.4. Workers' Compensation and Employer's Liability Insurance

a) Borrowers are required to have Workers' Compensation insurance, compliant with Massachusetts state law MGL Ch.152, or an approved self-insurance program, and insurance for any other jurisdictions in which workers are residents, as required by applicable law and imposed by workers' compensation, occupational disease, or similar laws.

b) A minimum limit of $1,000,000 each accident, $1,000,000 by disease-policy limit, and $1,000,000 by disease-each employee is required for employers' liability coverage, which may be provided through primary and umbrella or excess policies.

c) The policy shall allow for or be endorsed to provide a waiver of subrogation in favor of MassHousing and Borrower.

B.5. Builder's Risk Insurance/Property Insurance

a) Borrower shall provide builders risk and/or property insurance for developments in the course of construction, renovation, or rehabilitation. If there is an exclusion on the property policy for construction or significant renovation or restoration, the Borrower must provide a builder's risk policy for the entirety of the construction activity. Coverage shall be written on a Builder's risk (course of construction) all risk insurance form, or its equivalent, including earth movement and flood coverage, and should have no exclusions for testing, ordinance and law, and machinery breakdown, unless otherwise covered under another policy.

b) MassHousing must be listed as a mortgagee and loss payee on the property and builder's risk policy. Endorsement copies must be provided within 30-days of request.

c) The amount of insurance must be equal to one hundred percent (100%) of the completed value of the construction under builders' risk and one hundred percent (100%) of the replacement cost under any property policy.

d) No coinsurance provision shall apply, or such provision must be waived by an Agreed Amount clause or endorsement equal to provisions of c) above.

e) Property must be valued at replacement cost without deduction for depreciation. In the case of rehabilitation and renovation projects, the existing structure(s) must also be insured for replacement cost.

f) Earth Movement and Flood coverages are required as follows:

(1) Earth Movement coverage is mandatory with an amount equal to the lesser of

- one hundred percent (100%) of the completed value of the project or
- the value of MassHousing's mortgage interest in the constructed property or
- $5,000,000.

(2) Flood insurance must be provided on all properties. The minimum amount of flood insurance required is the following:

(a) For properties not in a Flood Zone or in Flood Zones other than Flood Zones which begin with A and V, $1,000,000 sublimit

(b) For Zones which begin with A or V (i.e. A, AR, A1, V, VE, V15, etc.), the total flood coverage must be provided to a limit equal to the lesser of

- one hundred percent (100%) of the completed value of the project or
- the value of MassHousing's mortgage interest in the

constructed property or
- $10,000,000.

Such flood insurance, as required by law if the development is located in a community for which flood insurance has been made available under the provisions of the Flood Disaster Protection Act of 1973 (42 U.S.C. Section 4001 et seq.), shall be in a form of the Standard National Flood Insurance Program policy or in the form of a policy which meets the guidelines published by the Federal Insurance Administration amended (43 F.R. 7142). If primary coverage is provided through the National Flood Insurance Program, and the limit required above is not met, excess flood insurance coverage must also be provided.

It is incumbent upon the Borrower to document the location of the development is outside a designated flood hazard area. In the absence of documentation satisfactory to MassHousing, Borrowers are required to procure and maintain flood insurance for the amount of the mortgage or the value of the property at risk or $10,000,000, whichever is less.

g) Windstorm or Hail deductibles shall not exceed a maximum of 5% of the total insured value of the location. The Borrower shall submit a maximum probable loss model and other supporting information for higher deductibles to be considered by MassHousing.

h) Property deductible shall not exceed $50,000 ($100,000 for Earth Movement and Flood) unless the Borrower can demonstrate the financial ability to withstand a higher deductible, in a form satisfactory to MassHousing. If a higher deductible is proffered, MassHousing may require a bond, indemnification agreement, and/or a letter of credit. Limit and deductible provisions of any master policy must be disclosed.

i) Loss of rental or business income coverage covering the same perils as covered for property direct damage shall be provided for either 100% of the actual loss sustained for 12 months or the effective gross income for the most recent annual reporting period. Loans in excess of $25,000,000 must include coverage for 90-day extended period of indemnity. A maximum deductible of 2 weeks may apply.

j) All loss settlement checks shall include MassHousing as a loss payee.

k) The policy must include as insureds the Borrower, contractors, subcontractor(s) at all tiers, and supplier(s) and their interest in the covered property.

l) The policy shall allow for or be endorsed to include a waiver of subrogation in favor of the insureds.

m) The scope of property insured must include existing structures (if necessary, under a separate property policy covering the replacement value of real and personal property), interior portion of building, on and offsite storage of materials, equipment, supplies, and temporary structures being built or stored on or near the premises under construction. No scaffolding exclusion shall apply.

n) While there is ongoing construction, a "Permission to Occupy" endorsement is required. This will allow tenancy while the builder's risk covers the property. Once the property becomes complete and permanent and before the builder's risk policy is allowed to lapse, a separate property insurance program must be in place to cover the building(s) for their full replacement value.

o) Soft Costs including construction loan interest payments and other expenses that could be incurred during the reconstruction period after a loss.

p) To the extent coverage is not provided under the builders' risk or property policy, the Borrower shall purchase boiler and machinery / equipment / mechanical breakdown insurance with a limit sufficient to cover 100% replacement cost of the boiler, machinery, or equipment. Boiler and machinery/equipment/mechanical breakdown and builders' risk or property insurance policies, if separate shall include a joint loss clause.

q) Ordinance or Law Coverage with the following minimum limits:

Undamaged portion, demolition costs and increased cost of construction $5,000,000 limit

C. Contractor Required Coverage

C.1. Commercial General Liability Insurance

The Borrower shall require contractor and/or all Hired Parties to provide and maintain insurance of such nature and in such amounts as the Borrower deems prudent and protective, but in no event less than $1,000,000 each occurrence, $2,000,000 general aggregate, a per project aggregate, and $2,000,000 products and completed operations aggregate, on an occurrence policy form at least as broad as the broadest available version of Insurance Services Office, Inc. (ISO) form CG 00 01. However, in no case shall Contractor's coverage for general liability be less broad or for lower limits than those required of the Borrower in Section B. 1. (Commercial General Liability) above. MassHousing and Borrower must be included as an Additional Insured as directed in A.A.3. in the General Requirements section. The policy shall allow for or be endorsed to provide a waiver of subrogation in favor of MassHousing and Borrower. Copies of all required endorsements shall be attached to certificates of insurance and provided upon request.

Contractor shall collect and maintain certificates of insurance and required endorsements from all Hired Parties and shall provide copies to Borrower or MassHousing upon request.

a) Policy shall contain a per project aggregate. If there is not a per project aggregate, the general aggregate limit requirement shall be twice the required limit.

b) The Borrower shall require contractor and/or all Hired Parties to procure and maintain products and completed operations insurance for six (6) years (or the applicable statute of repose) after completion of construction, whichever is greater. Throughout the 6-year period, Contractor and/or all Hired Parties shall submit renewal insurance certificates, including the additional insured endorsements, to evidence coverage is being maintained.

c) Coverage shall be provided on an occurrence form.

d) Lead Coverage must be included for contractors and/or subcontractors with a scope of work including lead abatement. This requirement can be satisfied with a separate policy.

e) No Asbestos Exclusion should apply for contractors and/or subcontractors with a scope of work that includes the handling, abatement, removal, and/or disposal of asbestos containing materials. This requirement can be satisfied with a separate policy.

C.2. Automobile Liability Insurance

Commercial Automobile liability insurance shall be required of the contractor and subcontractor(s), in such amounts as the Borrower deems prudent and protective, but in no event less than $1,000,000 each accident, covering owned (if applicable), hired and non-owned vehicles.

C.3. Contractors Pollution Liability Insurance

If a general contractor or a Hired Party is involved in pollutant remediation, including but not limited to the removal of lead or asbestos containing materials, general contractor, and Hired Parties as required by general contractor, shall purchase and maintain coverage for bodily injury and property damage, including loss of use resulting from liability arising out of pollution related exposures such as but not limited to asbestos abatement, lead paint abatement, tank removal, removal of contaminated soil. The policy shall cover liability as a result of the process of removal, storage, transport and disposal of hazardous waste and contaminated soil and/or asbestos abatement. The policy shall include coverage for onsite and offsite bodily injury and loss of, damage to, or loss of use of property, directly or indirectly arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon the land, the atmosphere or any water course or body of water, whether it be gradual or sudden and accidental. The policy shall also include defense and cleanup costs. Coverage shall be on an occurrence basis and shall name the MassHousing and Borrower as Additional Insured. Limits shall not be less than $5,000,000 per occurrence and $5,000,000 aggregate.

C.4. Umbrella and/or Excess Liability Insurance

a) Coverage may be used to satisfy the required limits of this section. MassHousing has the right to require additional limits of liability at its sole discretion.

b) Coverage shall be excess of Commercial General Liability, Automobile Liability and Employers' Liability.

c) Policy shall be written on an occurrence basis.

d) Coverage shall be no less broad than underlying liability policies.

e) MassHousing and Borrower must be included as additional insured.

C.5. Workers' Compensation and Employer's Liability Insurance

a) Contractors are required to have Workers' Compensation insurance, compliant with Massachusetts state law MGL Ch.152, or an approved self-insurance program, and insurance for any other jurisdictions in which workers are residents, or through which they may travel to perform work, as required by applicable law, and imposed by workers' compensation, occupational disease, or similar laws.

b) A minimum limit of $1,000,000 each accident, $1,000,000 by disease-policy limit, and $1,000,000 by disease-each employee is required for employers' liability coverage, which may be provided through primary and umbrella or excess policies.

c) The policy shall allow for or be endorsed to provide a waiver of subrogation in favor of MassHousing and Borrower.

C.6. Hired Parties Insurance

a) The Contractor shall require all its Hired Parties (subcontractors, trade contractors, vendors, consultants, and any other parties that provide materials, services or perform construction or other work in connection with the project or work for the Borrower, or the Contractor as applicable, collectively "Hired Parties") to maintain similar insurance coverages as the Contractor is required to maintain under the contract or agreement.

D. Architects Required Coverages

The Architect shall purchase and maintain at its sole cost and expense during the term of this Agreement the following insurance:

D.1. Professional Liability Insurance

The architect shall purchase and maintain at its sole cost and expense during the term of the agreement and otherwise as set forth herein professional liability insurance in a minimum amount of $2,000,000 per claim and $2,000,000 aggregate covering errors and omissions, and negligent acts of the architect and of any person or entity for whose performance the architect is legally liable, arising out of the performance of this agreement. The policy may be written on a "claims made" format. If the policy is a "claims made" policy, it shall include a retroactive date that is no later than the effective date of this agreement, and an extended reporting period of at least six (6) years after the earlier of: (1) the date of official acceptance of the completed project by the Borrower; (2) the date of the opening of the project to public use; (3) the date of acceptance by the contractor of final payment under the contract; or (4) the date of final completion of the project and the taking of possession of the project for occupancy by the Borrower, which requirement can be met by providing renewal certificates of professional liability insurance to the Borrower as evidence that this coverage is being maintained.

D.2. Workers' Compensation and Employer's Liability Insurance

a) Workers' Compensation insurance, compliant with Massachusetts state law MGL Ch.152, or an approved self-insurance program, and insurance for any other jurisdictions in which workers are residents, or through which they may travel to perform work, as required by applicable law, and imposed by workers' compensation, occupational disease, or similar laws.

b) Employers' Liability limits of each $1,000,000 per accident, $1,000,000 by disease-policy limit, and $1,000,000 by disease-each employee, which may be provided through primary and umbrella or excess policies.

c) The policy shall allow for or be endorsed to provide a waiver of subrogation in favor of MassHousing and Borrower.

D.3. Commercial General Liability Insurance

Commercial General Liability (CGL) Insurance, provided on an occurrence policy form at least as broad as the broadest available version of Insurance Services Office, Inc. (ISO) form CG 00 01, which may be provided through a combination of primary and umbrella policies, but shall not be less than $2,000,000 each occurrence, a General Aggregate Limit of $2,000,000 on a per project basis, and $2,000,000 products-completed operations aggregate. The CGL insurance shall include coverage for death, bodily injury, property damage and personal injury, including coverage for contractual liability on an occurrence basis. MassHousing and Borrower must be included as an Additional Insured as directed in A.A.3. in the General Requirements section. Copies of such endorsements shall be provided to the Borrower and attached to each required Certificate of Insurance. CGL coverage must be maintained by the Architect with the stated minimum limits for the same minimum period as required for professional liability.

D.4. Automobile Liability Insurance

Commercial Automobile Liability Insurance for owned (if applicable), non-owned, and hired vehicles with a minimum limit of $1,000,000 each accident.

D.5. Umbrella and/or Excess Liability Insurance

a) Coverage many be used to satisfy the required limits of this section. MassHousing has the right to require additional limits of liability.

b) Coverage is to be excess of Commercial General Liability, Automobile Liability and Employers Liability.

c) Policy must be written on an occurrence basis.

d) Coverage is to be no less broad than underlying liability policies.

e) MassHousing and Borrower must be included as an Additional Insured as directed in A.A.3. in the General Requirements section.

f) The policy shall allow for or be endorsed to provide a Waiver of subrogation in favor of MassHousing and Borrower

D.6. Valuable Papers Insurance and Electronic Media

Valuable Papers and Electronic Media insurance in an amount sufficient to assure the restoration of any plans, drawings, computations, field notes, Building Information Modeling (BIM) or other similar data relating to the work covered by the contract or agreement in the event of loss or destruction while in the custody of the Architect until the final fee payment is made or all data is turned over to the Borrower, and this coverage shall include coverage for relevant electronic media including, but not limited to, documents stored in computer aided design drafting (CADD) systems.

D.7. Architect's Consultants Insurance Requirements

The Architect shall require all its Hired Parties to maintain similar insurance coverages as the Architect is required to maintain under the contract or agreement. Notwithstanding the foregoing sentence, and to the extent such work is related to the following, the insurance maintained by any hired party engaged by the Architect with respect to hazardous materials may not include any exclusion for asbestos, fungus, pollution, or any other hazardous condition, which is the subject of the engaged consultant's work.

E. Hired Party Professional Liability

E.1. Professional Errors and Omissions Insurance

a) To the extent a Hired Party provides professional services, the Hired Party must also provide professional liability or professional errors and omissions insurance.

b) Engineers' (including but not limited to Mechanical, Structural, and Electrical), Environmental Engineers' or Surveyors' and other professionals' errors and omissions insurance shall be provided in the amount of ten percent (10%) of the construction amount or $3,000,000 whichever is less, but in no event less than $1,000,000.

c) If any coverage is on a claims-made basis, the retroactive date of the policy must predate the commencement of work. The policy shall have no limitations or exclusion for prior acts.

d) All such insurance must be in full force and effect from the inception of the insured's commencement of any professional services relating to the project.

e) Professional services providers shall require all its Hired Parties, subconsultants or other professionals to procure and maintain similar coverage.

PART II - Completed Developments

This part contains the Insurance Requirements for all completed developments financed by MassHousing.

F. Borrower Required Coverage

F.1. Commercial General Liability

a) Coverage for Commercial General Liability should be provided on an occurrence policy form at least as broad as the broadest available version of Insurance Services Office, Inc. (ISO) form CG 00 01, and should include coverages for premises and operations, personal and advertising injury and products and completed operations. No amending or exclusionary endorsements material to Borrower's obligations in the Contract may be attached. General aggregate must apply on a "per location/project" basis for policies covering more than one location.

b) MassHousing must be included as an Additional Insured as directed in A.A.3. in the General Requirements section.

c) The following minimum limits of liability shall be carried and may be provided through a combination of primary and umbrella and/or excess policies:

1-3 Stories - $5,000,000 per occurrence, $5,000,000 general aggregate, $5,000,000 personal and advertising injury, $5,000,000 products- completed operations aggregate.

4-10 Stories - $10,000,000 per occurrence, $10,000,000 general aggregate, $10,000,000 personal and advertising injury, $10,000,000 products-completed operations aggregate.

11-20 Stories - $15,000,000 per occurrence, $15,000,000 general aggregate, $15,000,000 personal and advertising injury, $15MM products- completed operations aggregate.

20+ Stories - $25,000,000 per occurrence, $25,000,000 general aggregate, $25,000,000 personal and advertising injury, $25,000,000 products-completed operations aggregate.

MassHousing reserves the right to require higher limits of at their sole discretion.

F.2. Umbrella and/or Excess Liability

a) Coverage may be used to satisfy the required limits of this section. MassHousing reserves the right to require additional limits at their sole discretion.

b) Coverage is to be excess of General Liability, Automobile Liability, and Employers Liability.

c) Policy must be written on an occurrence basis.

d) Coverage is to be no less broad than underlying liability policies.

e) MassHousing must be included as an Additional Insured.

F.3. Workers Compensation and Employer's Liability Insurance

a) Borrowers are required to have Workers' Compensation insurance, compliant with Massachusetts state law MGL Ch.152, or an approved self-insurance program, and insurance for any other jurisdictions in which workers are residents, as required by applicable law and imposed by workers' compensation, occupational disease, or similar laws.

b) A minimum limit of $1,000,000 each accident, $1,000,000 by disease–policy limit, and $1,000,000 by disease–each employee, is required for employers' liability coverage, which may be provided through primary and umbrella or excess policies.

c) The policy shall allow for or be endorsed to provide a waiver of subrogation in favor of MassHousing and Borrower.

F.4. Property and Business Income Insurance

a) Coverage shall be provided on standard ISO Special Cause of Loss form or its equivalent.

b) MassHousing must be endorsed as a mortgagee and loss payee on the property policy. Endorsement copies must be provided within 30 days of request.

c) The amount of insurance must be equal to one hundred percent (100%) replacement cost of the building and other improvements.

d) No coinsurance provision shall apply, or such provision must be waived by an Agreed Amount clause or endorsement with limits equal to or greater than one hundred percent (100%) replacement cost of the building and other improvements.

e) Loss recoveries must be valued at replacement cost determined as the actual costs of repair or replacement without deduction for depreciation.

f) Coverage is also required for earth movement and flood as follows.
(1) Earthquake coverage is mandatory with an amount equal to the lesser of:

One hundred percent (100%) of the completed value of the project,

or the value of MassHousing's mortgage interest in the constructed property,

or $5,000,000.

(2) Flood insurance must be provided on all properties. The minimum amount of flood insurance required is the following:

(a) For properties not in a Flood Zone or in Flood Zones other than Flood Zones which begin with A and V, $1,000,000 sublimit
(b) For Zones which begin with A or V (i.e. A, AR, A1, V, VE, V15, etc.), the total flood coverage must be provided to a limit equal to the lesser of:

Replacement Cost

or Mortgage Value

or $10,000,000.

Such flood insurance, as required by law if the development is located in a community for which flood insurance has been made available under the provisions of the Flood Disaster Protection Act of 1973 (42 U.S.C. Section 4001 et seq.), shall be in a form of the Standard National Flood Insurance Program policy or in the form of a policy which meets the guidelines published by the Federal Insurance Administration amended (43 F.R. 7142). If primary coverage is provided through the National Flood Insurance Program, and the limit required above is not met, excess flood insurance coverage must also be provided.

It is incumbent on the Borrower to document the location of the development outside a designated flood hazard area. In the absence of documentation satisfactory to MassHousing, Borrowers are required to procure and maintain flood insurance for the value of the mortgage or the value of the property at risk or $10,000,000.

g) Windstorm or Hail deductibles should be a maximum of 5% of the total insured value of the location. It is incumbent upon the Borrower to submit a maximum probable loss model, financial responsibility review, or otherwise, for higher deductibles to be considered by MassHousing.

h) The property deductible shall not exceed $50,000 ($100,000 for Earthquake and Flood) unless the Borrower can demonstrate the financial ability to absorb a higher retention, in a form satisfactory to MassHousing. If a higher deductible is submitted, MassHousing may require a bond, indemnification agreement, and/or a letter of credit. A copy of the limit and deductible provisions of any master policy must be provided.

i) Loss of rental or business income coverage covering the same perils as covered for property direct damage shall be provided for either 100% of the actual loss sustained for 12 months or the effective gross income for the most recent annual reporting period. Loans in excess of $25MM must include coverage for 90-day extended period of indemnity. A maximum deductible of 2 weeks may apply.

j) All loss settlement checks shall include MassHousing as a loss payee.

k) Ordinance or Law Coverage is to be included, which will provide loss and demolition cost of the undamaged portion of a building, and increased cost of construction because of the ordinance or law.

l) Coverage shall apply to ingress/egress as a result of loss to other property.

m) Coverage shall apply to interruption by Civil Authority.

n) Coverage is to be provided for utility service interruption including all transmission lines for both direct and loss of rents (business income/time element) coverage.

F.5. Boiler and Machinery/Equipment/Mechanical Breakdown Insurance

a) If the subject property has a boiler or a central HVAC unit(s), Boiler and Machinery insurance as described below must be carried. Note that a boiler is defined as any water heating device that meets or exceeds any of the following criteria:

(1) a heat input of 200,000 Btu/hour (58.6kW), or
(2) a water temperature of 210° F, *or*
(3) *a nominal water-containing capacity of 120* gallons

b) Carrying a standard comprehensive form boiler and machinery policy covering all pressure, mechanical and electrical objects and apparatus may fulfill the Boiler and Machinery requirements.

c) The lesser of (a) the value of 100% of the replacement cost of the subject property or (b) $5,000,000 is required, unless MassHousing determines that a higher limit is required.

d) Loss recoveries must be on a replacement cost valuation basis.

e) The deductible on boiler and machinery coverage shall not exceed $25,000 unless the Borrower can demonstrate the financial ability to absorb a higher retention, in a form satisfactory to MassHousing.

f) Coverage shall be provided for loss of rents or business income equal to a minimum of one hundred percent (100%) of expected annual income or rents. The rental income deductible shall not exceed 24 hours.

g) Include a joint loss agreement to coordinate coverage with property coverage if not written by the same insurer.

F.6. Environmental/Pollution Legal Liability

a) If building is determined to contain pollutants, a minimum of $5,000,000 limit each occurrence and $5,000,000 aggregate for cleanup, property damage and bodily injury coverage is required. Coverage may be provided on a claims-made basis.

b) Retroactive Date shall pre-date remediation work start date if remediation was performed prior to policy inception. Retroactive date shall be listed on the certificate.

F.7. Automobile Liability Insurance

a) Borrower shall provide evidence of Commercial Automobile Liability Insurance for owned (if applicable), non-owned, and hired autos with a minimum limit of $1,000,000 each accident.

F.8. Work or Projects for Completed Developments

a) The Borrower shall require all architects, contractor(s) and any Hired Parties, as applicable, to procure and maintain similar insurance as required for those parties in Part I while performing work on behalf of the Borrower. MassHousing and Borrower must be included as an Additional Insured as directed in A.A.3. in the General Requirements section. The policies, as applicable, shall allow for, or be endorsed to provide, a waiver of subrogation in favor of MassHousing and Borrower.

G. Property Management Company Required Coverage

G.1. Commercial General Liability Insurance

Property Management Company is required to provide evidence of Commercial General Liability on an occurrence policy form at least as broad as the broadest available version of Insurance Services Office, Inc. (ISO) form CG 00 01, and shall include coverages for premises and operations, personal and advertising injury and products and completed operations. No amending or exclusionary endorsements material to Management Company's services may be attached. General aggregate must apply on a "per location/project" basis for policies covering more than one location. Minimum limits of not less than $5,000,000 per occurrence, $5,000,000 general aggregate, $5,000,000 products-completed operations aggregate, and $5,000,000 personal and advertising liability. MassHousing and Borrower must be included as an Additional Insured as directed in A.A.3. in the General Requirements section.

G.2. Workers' Compensation and Employer's Liability Insurance

Property Management Company is required to have Workers' Compensation insurance, compliant with Massachusetts state law MGL Ch.152, or an approved self-insurance program, and insurance for any other jurisdictions in which workers are residents, or through which they may travel to perform work, as required by applicable law, and imposed by workers' compensation, occupational disease, or similar laws.

A minimum limit of $1,000,000 each accident, $1,000,000 by disease-policy limit, and $1,000,000 by disease - each employee, is required for employers' liability coverage, which may be provided through primary and umbrella policies.

The policy shall allow for or be endorsed to provide a waiver of subrogation in favor of MassHousing and Borrower.

G.3. Automobile Liability Insurance

Property Management Company is required to have Commercial Automobile Liability Insurance for owned (if applicable), non-owned, and hired autos with a minimum limit of $1,000,000 each accident.

G.4. Crime

Property Management Company is required to have crime coverage with minimum policy limits in accordance with the management agreement, but in an amount not less than six-months of gross rental receipts.