

INSURANCE SPECIFICATIONS FOR COMPLETED DEVELOPMENTS

INTRODUCTION

The insurance coverage listed below represents the minimum requirements for projects financed by the Wisconsin Housing and Economic Development Authority (the "**Lender**"). Lender does reserve the right to require additional coverage or increased limits if Lender deems such additional coverage or increased limits are necessary for a particular project or project participant. Lender must be given an opportunity to review the appropriate insurance policies prior to the commencement of a project.

GENERAL REQUIREMENTS

1. Lender will require a **Certificate of Liability Insurance** and **Evidence of Property Insurance** as evidence of coverage at closing. Borrower will provide Lender with such evidence and a copy of the policy on **an annual basis** for as long as Lender has a mortgage on the Borrower's property. ACCORD 27, 25S or 75S are acceptable forms of temporary evidence for property/liability insurance. **The Certificate of Liability Insurance and Evidence of Property Insurance shall include the dates of coverage, dollar amount, property(s) covered, name of the issuing insurance company, policy number, name of the agent who procured the insurance for the mortgagor and Lender as an additional insured.**

2. The insurance policies issued for Lender-financed projects must be issued by companies licensed to do business in the State of Wisconsin or by companies which have been approved by the Wisconsin Commissioner of Insurance as a Surplus Lines Insurer. Lender will only accept those companies with an A.M. Best rating of A-, VII or better.

3. **Property Insurance coverage must include:**

1. Standard Mortgagee Clause naming "Wisconsin Housing and Economic Development Authority, its successors and assigns."
2. The policy must contain the following waiver of subrogation language:
"The policy and insurance company shall waive all rights of subrogation against any insured and allow the insured to waive rights against others before a loss occurs."
3. Deletion of Coinsurance clause.

4. **Additional Insurance.** Lender may require the Project Owner to provide additional insurance if Lender determines additional insurance is necessary to cover any additional hazards involved in construction of the project.



5. Each policy must have the following endorsement "the policy will not be materially changed, canceled or nonrenewed without 30 days' written notice to Lender" and mailed to:

GENERAL COUNSEL
WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY
PO BOX 1728
MADISON WI 53701-1728

"Materially changed" means: Any change in the type of coverage, any change in the amount of coverage, or any change in the names of the parties with an insurable interest in the insurance coverage. If the insurance carrier is unwilling to issue such endorsement, Lender will accept, in writing, the insurance agent's willingness to provide such notification requirement to Lender.

THE PROJECT OWNER AND/OR PROPERTY MANAGER MUST PROVIDE EVIDENCE OF THE FOLLOWING INSURANCE COVERAGE, AS APPLICABLE:

A. COMMERCIAL GENERAL LIABILITY INSURANCE REQUIREMENTS

1. General Aggregate Limit (other than Products and Completed Operations) \$2,000,000
2. Each Occurrence - Bodily Injury, Property Damage, Personal Injury \$1,000,000
3. Addition: "Amendment - Aggregate Limits of Insurance - Per Location"
4. Coverage must be provided for property damage arising out of explosion, collapse, or damage to underground property.

B. PROPERTY INSURANCE REQUIREMENTS

1. The limit of coverage, at a minimum, must equal 100% of the outstanding mortgage balance.
2. Coverage Provisions - Special Causes of Loss Form including claims caused by the following perils:
 - a) Flood and Surface Waters unless waiver
 - b) Back-up of Sewers and Drains (Limit must be provided at a minimum of \$50,000 per occurrence)

C. EMPLOYEE DISHONESTY/FIDELITY BOND

1. Coverage Provisions:
Limit: 2 times the contract rent plus the security deposit per unit, \$100,000, whichever is lesser.

D. BOILER & MACHINERY/MECHANICAL BREAKDOWN (HEATING & AIR CONDITIONING SYSTEMS, FIRE PRESSURED VALVES AND HOT WATER)

1. Coverage Provisions:
Only if the Project contains high pressure fired vessels, the limit of coverage must be no less than that outstanding balance of the mortgage.