CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME:	
	PHONE (A/C, No, Ext):	FAX (A/C, No):
	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A :	
INSURED	INSURER B :	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE	$
	CLAIMS-MADE / OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$
	POLICY / PRO-JECT / LOC						PRODUCTS - COMP/OP AGG	$
	OTHER:							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	ANY AUTO						BODILY INJURY (Per person)	$
	OWNED AUTOS ONLY / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	HIRED AUTOS ONLY / NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB / OCCUR						EACH OCCURRENCE	$
	EXCESS LIAB / CLAIMS-MADE						AGGREGATE	$
	DED / RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N						PER STATUTE / OTH-ER	
	ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?	N / A					E.L. EACH ACCIDENT	$
	(Mandatory in NH)						E.L. DISEASE - EA EMPLOYEE	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - POLICY LIMIT	$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

MEMO

To: **Developer Community**

From: **Anne Berman, Director of Real Estate Development**

Date: **March 10, 2023** *(Updated April 2023)*

Subject: **Program Bulletin 2023-1: Insurance Guidelines**

RIHousing is issuing this Program Bulletin to re-introduce the Rhode Island Housing and Mortgage Finance Corporation ("RIHousing") Insurance Guidelines (the "Guidelines") to our development partners. The Guidelines were created with the assistance of a consultant who specializes in risk assessment and insurance management consultancy. They are designed to provide both RIHousing and our borrowers with protection from financial loss. In May of 2022, the Guidelines were amended to include revised guidelines for Smaller Properties with construction costs under $3,000,000.

Borrowers are advised to review these Guidelines with their development team members and their insurance agents early in the development process to ensure (i) compliance with the requirements and (ii) that all costs associated with the Guidelines are budgeted. <u>RIHousing will no longer be entertaining waiver requests under the Guidelines unless there are compelling reasons that add significant costs</u>.

To assist with an understanding the Guidelines, we have compiled the following FAQs.

1. What is a subrogation waiver?

Subrogation is a legal right where an insurance company can recover claim payments it made on its insured's behalf (by stepping into the shoes of the person/entity insured) if the accident or incident was caused by another negligent party or parties. A waiver of subrogation, sometimes referenced in an insurance policy as a *"waiver of transfer of rights of recovery against others to us",* is where the insurance company agrees to waive their subrogation right against a specified party or all parties.

2. Why is subrogation waiver required?

A waiver of subrogation is required to ensure, that once a claim is paid on behalf of the insured, for example the borrower, the insurance carrier will not pursue any further actions against the specified (waived) party to recover their money.

Under the RIHousing Multi-Family Insurance Requirement Guidelines, a waiver of subrogation is required for Builders Risk, Property, Commercial General Liability, Auto, Umbrella or Excess and

Workers' Compensation policies. Most insurance companies are generally agreeable to waiving their subrogation rights at no cost. Some workers' compensation carriers charge a small premium for the waiver of subrogation endorsement.

3. Is Builder's Risk and Property insurance required during construction?

Generally, Builder's Risk insurance is required for buildings under construction and Property insurance is required for completed buildings. Buildings under construction require specialized coverage to meet the unique risks associated with a building that changes daily. Builder's Risk insurance covers certain kinds of loss or damage to materials, equipment, and buildings under construction. Examples of risk during construction include damage to or theft of materials, equipment, and work-in-progress and damage to or theft of materials in transit or stored off the property. Construction sites may be targeted by thieves, especially if the property under construction is not yet occupied or not adequately secured.

A Builder's Risk policy provides coverage from the time construction begins until the project's completion. Additionally, a Builder's Risk policy may provide coverage for other costs, sometimes called soft costs, such as lost rental income due to a project taking longer than planned, rental costs because equipment is needed longer than planned and extra interest if payback on loans is delayed along with the building process.

A standard Property policy typically only covers finished structures on the property, and their contents, if covered. A Property policy would normally cover only the hard cost of any property damage, and loss of rental income, if endorsed onto the policy.

4. What should the Builder's Risk and/or Property insurance amount be? Why?

The Insurance Requirements, set to ensure adequate limits, say the Builder's Risk insurance for the building shall be "in an amount not less than 100% of the completed value of the project." The guidelines say the Property insurance for the building shall be "in an amount not less than 100% replacement cost of the building and other improvements." This requirement will ensure that, in the event of a loss, the borrower will recoup funds to replace the building they were borrowing to buy and/or build and to protect the interests of RIHousing.

For a project undergoing material construction, rehabilitation or renovation to a single building, the best method is usually to cover the entire building on a Builder's Risk policy including an adequate amount for any remaining existing property (property that existed and will become part of the project). For multiple buildings or partial rehabilitation. renovation, this can be more challenging and involve the use of both Builder's Risk and Property policies. Regardless, from a limit perspective, 100% of the total replacement cost of the buildings must be insured, plus any soft costs including delay costs (such as interest payments), added professional fees, and lost rents to insure the financial viability of the borrower in the event of damage to the project.

If the project is complex and must be covered by a combination of the Property and Builder's Risk, you may need to consult with RIHousing to determine an adequate limit for each policy.

5. Is Builder's Risk required on Rehabilitation or Renovation projects?

Insurance is required for any rehabilitation or renovation project. The projects, depending on their size and scope, may be covered by either a Builder's Risk or Property policy. The Property policy may cover small interior renovation projects; however, the borrower should confirm same with its insurance company. In the case of a renovation or construction project to be covered by a Property policy, the certificate of insurance is required to specify the extension of coverage. If the property carrier will not provide coverage for construction projects, borrowers should either purchase a Builder's Risk policy or check with their brokers to see if a policy such as an installation floater may be issued.

6. Why are Single entity companies required to provide evidence of Worker's Compensation insurance?

A borrower entity may not have any employees itself but could be the "statutory employer" for a contractor/subcontractor employee with a Workers' Compensation claim. For example, if the borrower hires a contractor who does not carry Workers' Compensation (if the policy premium was unpaid for a day, for example) and one of that contractor's employees is injured at the borrower's property, the borrower could be deemed to be the statutory employer and required to pay the medical and disability costs of the injured party. The purchase of a small Workers' Compensation policy protects the borrower from financial harm in the event of an injury to its own employee or if they are deemed to be the statutory employer of another party's employee.

7. Can Automobile insurance be waived?

Automobile insurance is not generally waived. As stated above, the purpose of the insurance requirements is to protect the borrower from financial loss. A borrower may be found negligent for an auto accident arising from its owned, hired or borrowed or non-owned (including its contractor's) vehicles. An example of an accident involving a non-owned auto would be if the borrower's employee was negligent in an accident related to its work duties. A borrower should usually be able to provide evidence of personal automobile insurance at a minimum. Non-owned automobile coverage is typically available to personal borrowers as well as entities for very modest premiums if they do not have an automobile.

8. Why is Flood insurance required for properties not located in a flood zone?

The requirement for Flood insurance is also to protect the borrower from unexpected financial loss. Though flood zones are designated areas where there is a higher statistical probability of a flood occurring, the FEMA website says, "Statistics show that people who live outside high-risk areas file more than 25 percent of flood claims nationwide." The website also advises "1 inch of water can cause $25,000 worth of damage to your home. 18 inches or more of water could mean repairs to the electrical system and the heating and cooling system." The requirement for Flood insurance is to protect the borrower from these types of financial losses.

9. Why is an "N" required on the Workers' Compensation section of the Certificate of Liability Insurance for "Any proprietor/partner/executive officer/member excluded?"?

Workers' Compensation insurance largely protects the insured borrower from liability lawsuits from its employees through a doctrine known as "exclusive remedy". Exclusive remedy, provided by Workers' Compensation, provides the borrower immunity from lawsuits in exchange for coverage, subject to some exceptions that vary by state.

Each party excluded from a workers' compensation policy may be able to sue the borrower/employer. The more parties excluded from workers' compensation coverage, the more potential exposure to the borrower for liability claims, which are more expensive because they can include damages for pain and suffering. The guidelines require all eligible employees to be covered for Workers' Compensation.

10. If a development is 100% homeownership (built to be sold/no rentals), is Builder's Risk – rental income/business income required? Why?

It is not required. The rental income requirement only applies to rental properties.

11. Can be borrower be added as "Additionally Insured to the General Contractor's liability insurance policy? Why?

The purpose of the insurance requirements is to protect the borrower from financial harm. During construction you want the borrower to have their own general liability insurance in case they are sued for an injury or property damage as a result of the construction operations. The borrower being included as an additional insured on the general contractor's policy does not fully cover their liability because the policy does not cover the sole negligence of the borrower. For example, if a contractor employee or third party/member of the public was injured at the property due to a hazard that the borrower alone created (or was alleged to create), the borrower would not have any coverage under the GC's policy. The GC's policy is meant to cover the GC and provide some coverage to the borrower in the event they are also sued as a result of the GC's negligence. The borrower does not have any coverage for their sole negligence under the general contractor's general liability policy and is not fully protected using that option.

12. Why does a property owner need products and completed operations coverage? (Products – Comp/Op Agg)

Property owners who build and sell properties need products and completed operations coverage because they can be sued for bodily injury or property damage after construction of the property for up to ten years, per the statute of repose. A claim example – An improperly installed light fixture in a completed property falls from the ceiling and injures one or more parties. The property owner may believe they are covered by the general contractor's products and completed operations coverage for this type of claim. While there may be some coverage for the property owner, depending on the scope of additional insured coverage provided, there is never any coverage for the property owner if claim that arises from the sole negligence of the property owner. If the property owner made all of the decisions about the light fixture installation (or installed the light fixture), there would be no coverage under the general contractor's insurance for the property owner. Products and completed operations coverage is usually included under a standard commercial general liability policy, with a limit either the amount of the per occurrence limit, for example $1,000,000, or the general aggregate limit, for example $2,000,000.

RI Housing
Multi-Family Insurance Requirement Guidelines

General Insurance Requirements

Procurement, Term, and Certificates of Compliance.

- Borrower, Mortgagor or Property Owner (each also referred to as "Property Owner"), as a condition of its mortgage loan commitment and as a covenant of its mortgage in connection with multi-family housing developments to be financed by Rhode Island Housing and Mortgage Finance Corporation (RIHousing), and as required, shall obtain and keep in force, or cause to be obtained and kept in force, policies of insurance described in this Exhibit, throughout and in accordance with the terms of the Loan Agreement.
- Architects (design and supervision), general contractors, and managing agents shall obtain and keep in force, or cause to be obtained and kept in force, policies of insurance described in this Exhibit.
- Each policy shall be obtained and be effective prior to the start date of any agreement or contract, or the performance of any activity intended to be insured by each policy and maintained for the duration required by any agreement, contract, or this Exhibit.
- Provisions relating to products and completed operations, professional liability, pollution legal liability, and additional insured survive the expiration or termination of any Loan Agreement, agreement, or contract.
- This Exhibit shall survive the termination and/or expiration of any required insurance policy.
- Parties shall not use self-insurance, captives, or risk retention groups unless approved in writing by RIHousing.
- Any Party who hires a subcontractor, vendor, agent or other hired party, collectively, "Hired Party or Parties" shall submit a Certificate of Compliance with Insurance Requirements form upon entering into the initial contract or agreement with the Hired Party, annually, or as requested by RIHousing, to certify the Hired Party's insurance complies with these Multi-Family Insurance Requirement Guidelines. Property Owners, architects, general contractors, and managing agents must certify directly to RIHousing.

Party/Parties. Property Owners, architects (design and supervision), general contractors, and managing agents, individually "Party", collectively "Parties".

Exhibit. These Multi-Family Insurance Requirement Guidelines.

Indemnified Parties. Indemnified Parties shall include any parties entitled to coverage or indemnification, including but not limited to Rhode Island Housing and Mortgage Finance Corporation, its Successors and Assigns, and any other parties as required, each an "Indemnified Party" and collectively, "Indemnified Parties".

Hired Parties. All Parties shall enter into written and executed contracts or agreements containing a hold harmless clause that provides for defense (other than professional liability) and indemnification in favor of Indemnified Parties with any subcontractors, vendors, agents or other hired parties, collectively, "Hired Parties" who provide materials, services or perform construction or other work in connection with the contract or agreement. All Parties shall cause Hired Parties to comply with the insurance requirements for Hired Parties in this Exhibit. All Parties shall be responsible for obtaining certificates of insurance and endorsements for all coverage required from each Hired Party prior to the Hired Party beginning work at the property or procuring materials and obtaining and maintaining renewal certificates of insurance as required by this Exhibit.

Evidence of Insurance. All Parties shall furnish evidence of the required insurance on an ACORD form 25 and/or 28. All parties are required to submit evidence of insurance prior to the start of any contract or agreement, prior to beginning any work, throughout the duration of the contract or work, and post-completion as required. Property Owners, architects, general contractors and managing agents shall provide evidence of insurance to RIHousing. Hired Parties shall provide their evidence of insurance to the Property Owner, architect, general contractor or managing agent who contracts with the Hired Party.

- Evidence of builder's risk insurance and property coverage shall be provided on a current ACORD 28 form - Evidence of Commercial Property Insurance. The Acord 28 form shall indicate Special Perils Insured.
- Evidence of liability, workers' compensation and miscellaneous coverage shall be provided on a current ACORD 25 form - Certificate of Liability Insurance. All required endorsements shall be attached to the certificate(s) of insurance. A list of any non-standard policy exclusions shall be attached to each certificate.
- Certificates evidencing additional or renewal policies shall be provided at least thirty (30) days prior to the expiration of a policy. RIHousing reserves the right to request and inspect each certificate of insurance, endorsement, or insurance policy to verify the required scope of insurance.
- The certificate holder name and address shall be Rhode Island Housing and Mortgage Finance Corporation, Its Successors and Assigns, 44 Washington Street, Providence RI, 02903-1721, Attn: Director of Loan Servicing. Additional certificates may be required for other Indemnified Parties.

Obligation to Procure. Receipt of insurance certificates or copies of policies or endorsements without objection by RIHousing does not constitute acceptance or approval of insurance nor does it relieve any Party or Hired Party from their respective obligations to provide the required insurance. The obligation to procure and maintain any required insurance is a separate responsibility of the Party and independent of the duty to furnish a copy or certificate of such insurance policies. If RIHousing is damaged by a Party or Hired Party's failure to maintain such insurance and to comply with the terms of this Exhibit, then Party shall be responsible for all costs and damages to RIHousing attributable to such failure. To the extent of any Party's inability to obtain all insurance required by this Exhibit, RIHousing, at any time, shall procure such insurance for Party at commercially reasonable rates. RIHousing may charge a one-time administrative fee equal to 15% of the annual premium for such insurance, however RIHousing is not obligated to procure such insurance on behalf of a Party.

Evidence of Payment of Insurance Premiums. All Parties shall furnish to RIHousing upon request evidence of payment of insurance premiums for any insurance policy required by this Exhibit. All Parties shall furnish to RIHousing upon request duplicate receipts or satisfactory evidence of the payment of all premiums on any and all insurance required to be carried by the All Parties in accordance with this Exhibit.

Changes or Modifications. The insurance requirements in this Exhibit are subject to change, and may not be modified or waived, in whole or in part, except with the prior written authorization of RIHousing or its designee. At the discretion of RIHousing, additional or other coverage may be required where applicable.

Minimum Requirements. RIHousing does not warrant that meeting the required insurance coverage and limits will be sufficient to protect the interests of the Parties and Hired Parties. These are the minimum requirements to protect the interests of RIHousing. RIHousing makes no representation that the required coverages are adequate to fully protect the Parties and Hired Parties and recommends that the Parties and Hired Parties make an independent determination as to the adequacy of the coverage obtained with respect to a particular development. RIHousing strongly suggests that all Parties review the requirements with their insurance agent, broker and/or insurance company, prior to securing any insurance, to ensure compliance with the insurance requirements in this Exhibit.

Insurance Company Rating. All insurance required by this Exhibit shall be provided by reputable insurers licensed by the Rhode Island Department of Business Regulation to do business in the State of Rhode Island, with current AM Best ratings of not less than A- VIII.

Cancellation Notice Requirement. Within seven (7) days of the date the Property Owner, architect, general contractor or managing agent becomes aware of an impending or actual cancellation. non-renewal or expiration of any insurance required by RIHousing, the Property Owner, architect, general contractor or managing agent shall provide written notice to RIHousing of such impending or actual cancellation, non-renewal or expiration. Upon receipt of notice from the Property Owner, architect, general contractor or managing agent, RIHousing shall, unless the lapse in coverage arises from an act or omission of RIHousing, have the right but not the obligation to procure replacement coverage pursuant to the Obligation to Procure provision. The furnishing of notice by the Property Owner, architect, general contractor or managing agent shall not relieve the Property Owner, architect, general contractor or managing agent of any contractual obligation to provide any required coverage. The Property Owner, architect, general contractor or managing agent shall require the same notice of cancellation, non-renewal or expiration from their Hired Parties. The foregoing does not waive any requirement under Rhode Island law or regulation that RIHousing be provided notice of cancellation directly by an insurer.

Mortgagee/Loss Payee. For all policies where RIHousing has an insurable interest, Rhode Island Housing and Mortgage Finance Corporation shall be listed as mortgagee and loss payee. For all FHA-insured loans (exclusive of FHA Risk Sharing), the Federal Housing Administration shall also be included as mortgagee and loss payee as their interests may appear.

Additional Insureds. Each Commercial General Liability, Automobile Liability and Umbrella or Excess Liability policy provided by any Party, and their Hired Parties as applicable, shall include, or be endorsed to include Indemnified Parties, and Property Owner 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.

Additional insured coverage provided to Property Owner shall be provided by 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 or better coverage.

The Commercial General Liability (CGL) policy shall include or be endorsed to include additional insured coverage for Rhode Island Housing and Mortgage Finance Corporation. This coverage shall be provided by ISO endorsement number CG 20 18 "Additional Insured—Mortgagee, Assignee or Receiver" or by any forms providing equivalent or better coverage.

Primary and Non-Contributory. All required coverage except Professional Liability Insurance of any Party or Hired Party shall be primary to any coverage that may be available to Indemnified Parties. The coverage afforded shall be primary with respect to any claims, losses, damages, expenses or liabilities arising out of, relating to in any way, or incident to the work or any activities of any Party or Hired Party, regardless of whether instituted against RIHousing alone or jointly with a Party or Hired Party or others, and noncontributing with any other insurance maintained by Indemnified Parties.

Waiver of Subrogation/Waiver of Transfer of Right to Recover from Others. To the fullest extent allowed by law, Parties and Hired Parties shall waive all rights of recovery and subrogation, regardless of negligence, against the Indemnified Parties. Additionally, any Party and Hired Parties' insurance policies shall be endorsed to waive rights of recovery by subrogation as described in the Insurance Policy Requirements sections below.

Limits. The limits of insurance for each required policy shall be no less than required in this Exhibit and may be provided through a combination of primary and umbrella or excess liability policies.

Deductibles. Parties and Hired Parties shall be exclusively responsible for any deductibles or self-insured retentions applicable to the insurance provided.

Party and Hired Party Coverage Requirements

The Coverage Requirements for each Party and Hired Party shall be provided in accordance with the Insurance Policy Requirements section below.

Property Owner Coverage Requirements.

- During Construction, Property Owner shall purchase and maintain coverage for Builders Risk, Flood, Earthquake, Equipment Breakdown, Boiler and Machinery Insurance, Commercial General Liability, Commercial Automobile Liability, if owned autos, Excess or Umbrella Liability, Workers' Compensation and Employers' Liability and,

- During Operation, Property Owner shall purchase and maintain coverage for Property, Flood, Earthquake, Boiler and Machinery Insurance, Commercial General Liability, Commercial Automobile Liability, if owned autos, Excess or Umbrella Liability, Workers' Compensation and Employers' Liability, and Garage Keepers Legal Liability as described under Insurance Policy Requirements in this Exhibit.

Architect (Both Design and Supervision) Coverage Requirements. Architect shall purchase and maintain coverage for Commercial General Liability, Excess or Umbrella Liability, Workers' Compensation and Employers' Liability and Professional Liability, as described under Insurance Policy Requirements in this Exhibit.

General Contractor Coverage Requirements. General contractor shall purchase and maintain coverage for Commercial General Liability, Commercial Automobile Liability, Excess or Umbrella Liability, Workers' Compensation and Employers' Liability and Contractor's Pollution Liability as described under Insurance Policy Requirements in this Exhibit.

Managing Agent Coverage Requirements. Managing agent shall purchase and maintain coverage for Commercial General Liability, Commercial Automobile Liability, Excess or Umbrella Liability, Workers' Compensation and Employers' Liability, Crime and Garage Keepers Legal Liability, as applicable, as described under Insurance Policy Requirements in this Exhibit.

Hired Parties Coverage Requirements. Any Hired Parties shall purchase and maintain coverage for Commercial General Liability, Commercial Automobile Liability, Excess or Umbrella Liability, Workers' Compensation and Employers' Liability as described under Insurance Policy Requirements in this Exhibit or as required by any other contract documents if more stringent.

Insurance Policy Requirements

Builder's Risk. Prior to construction, Property Owner shall purchase and maintain, or cause to be purchased and maintained, during the life of the Project a builder's risk (course of construction) insurance policy in an amount not less than 100% of the completed value of the Project. Any coverage sublimit shall be sufficient to ensure the applicable exposure or the full replacement value of the property, whichever is less. For substantial rehabilitation projects, the Builders Risk (or Builders Risk and Property policies combined) insurance limit must be equal to the replacement cost of the post-rehabilitation, finished structure. Rental income shall be provided in an amount equal to 100% of annual gross potential rental income plus a 90-day extended period of indemnity and a maximum deductible of two weeks.

If the Property Owner purchases the Builders Risk policy, Property Owner shall be the named insured and the general contractor, Hired Parties and suppliers shall be additional insureds. If the general contractor provides the builders' risk policy, the general contractor and Property Owner shall be named insureds, and Hired Parties and suppliers shall be additional insureds. The policy shall contain endorsements naming Rhode Island Housing and Mortgage Finance Corporation as mortgagee and loss payee as required by any loan documents. The policy shall include a blanket waiver of subrogation in favor of the named insureds and additional insureds.

Coverage shall be written on ISO Causes of Loss-Special Form or builders' risk (course of construction) all risk insurance form, or its equivalent, at replacement cost with no coinsurance penalty (or such provision shall be waived by an agreed amount clause or endorsement). Coverage shall include, but not be limited to, theft, vandalism, malicious mischief, testing and startup, terrorism, mold and fungus (if not available Property Owner shall submit a written mold prevention program), collapse (including collapse from design error), windstorm, earthquake, earth movement, subsidence, water damage and flood (including the overflow of inland or tidal waters, the unusual accumulation or runoff of surface waters from any source, or mudslides or mudflows which are caused by flooding), business or rental income costs, extra expense costs, soft costs (including but not limited to reasonable compensation for professional fees and general conditions) in an amount equal to the soft costs of construction as itemized in the pro forma, physical damage resulting from machinery accidents (but excluding normal and natural wear and tear, corrosion, erosion, inherent vice or latent defect in the machinery), demolition costs, debris removal coverage, increased cost for repair, the cost of rebuilding or reconstruction of damaged property due to enforcement of any law or building ordinance, civil authority ingress and egress, plans, blueprints and specifications, utility service interruption and delay in completion or start up. Any faulty workmanship or materials exclusion shall provide an exception for ensuing loss.

Property to be covered shall include all real and personal property, Work at the Project, property while in transit, property at any temporary off-site location, and include all materials, supplies, scaffold, machinery, fixtures and equipment, and interior portions of the building intended to become a permanent part of the Project or for permanent use in the Project or incidental to the construction including, but not limited to, underground work, foundations including pilings, sidewalks, paving, landscaping, falsework, temporary structures, trailers, and laydown areas.

The policy will include permission to occupy and allow tenancy. For developments occupied by tenants during the entire construction period, an endorsement allowing such tenancy shall state "The Insurance Company acknowledges that the building(s) is/are under renovation." If coverage is provided by a blanket or master policy, a copy of the limit and deductible provisions shall be provided to and approved by RIHousing.

Coverage, including permission for temporary occupancy, shall be maintained until Substantial Completion and final payment has been made. Once the property becomes complete and permanent, a separate property policy shall be purchased and maintained to cover the building(s) per the Property section.

Losses shall be replaced by Property Owner at no expense to the RIHousing. Any deductible or sublimit deductible shall not exceed $100,000 for flood and earthquake or $50,000 for all other perils unless the Party can demonstrate the financial ability to fund a higher retention in a form satisfactory to RIHousing. If a higher deductible is proposed, RIHousing may require a bond, indemnification agreement and/or a letter of credit.

All settlement checks shall include Rhode Island Housing and Mortgage Finance Corporation as payee. The Property Owner shall pay builders' risk insureds their just shares of the insurance proceeds received by the Property Owner.

Property. Property Owner shall purchase and maintain a property insurance policy in an amount not less than 100% replacement cost of the building and other improvements. Any coverage sublimit shall be sufficient to ensure the applicable exposure or the full replacement value of the property, whichever is less. Rental income shall be provided in an amount equal to 100% of annual gross potential rental income plus a 90-day extended period of indemnity and a maximum deductible of two weeks.

The policy shall name the Property Owner as insured and contain endorsements naming Rhode Island Housing and Mortgage Finance Corporation as mortgagee and loss payee. It shall also include a blanket waiver of subrogation in favor of Rhode Island Housing and Mortgage Finance Corporation.

Coverage shall be written on ISO Causes of Loss-Special Form coverage form or its equivalent at replacement cost with no coinsurance penalty (or such provision shall be waived by an agreed amount clause or endorsement). Coverage shall include, but not be limited to, theft, vandalism, malicious mischief, mold and fungus (if not available Property Owner shall submit a written mold prevention program), collapse (including collapse from design error), windstorm, earthquake, earth movement, subsidence, water damage and flood (including the overflow of inland or tidal waters, the unusual accumulation or runoff of surface waters from any source, or mudslides or mudflows which are caused by flooding), business or rental income costs, extra expense costs, physical damage resulting from machinery accidents (but excluding normal and natural wear and tear, corrosion, erosion, inherent vice or latent defect in the machinery), demolition costs, debris removal coverage, increased cost for repair, the cost of rebuilding or reconstruction of damaged property due to enforcement of any law or building ordinance, civil authority ingress and egress, plans, blueprints and specifications and utility service interruption (including all transmission lines) for both direct and rental income loss. Any faulty workmanship or materials exclusion shall provide an exception for ensuing loss.

The property to be covered shall include all real and personal property, including lobby and office furnishings. If coverage is provided by a blanket or master policy, RIHousing shall receive a copy of the limit and deductible provision.

Losses shall be replaced by Property Owner at no expense to the RIHousing. Any deductible or sublimit deductible shall not exceed $50,000 for flood and earthquake or

$25,000 for all other perils unless the Party can demonstrate the financial ability to fund a higher retention in a form satisfactory to RIHousing. If a higher deductible is proposed, RIHousing may require a bond, indemnification agreement and/or a letter of credit. All settlement checks shall include Rhode Island Housing and Mortgage Finance Corporation as payee. Property Owner shall pay Insureds their just shares of insurance proceeds received by Property Owner.

Flood. Flood insurance must be provided on all properties, whether with a builder's risk, property, or stand-alone policy(s). The minimum amount of flood insurance required is (1) for properties not in a Flood Hazard Zone or in Flood Hazard Zones other than Flood Hazard Zones which begin with A and V, the limit shall equal the lesser of replacement cost or mortgage value or the maximum limit provided by the National Flood Insurance Program or (2) 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
$5,000,000. 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 Property Owner to document the location of the development outside a designated flood hazard area. In the absence of documentation satisfactory to RIHousing, Property Owner is required to procure and maintain flood insurance for the amount of the mortgage or the value of the property at risk or $5,000,000, whichever is less.

Earthquake. Earthquake insurance must be provided on all properties whether with a builder's risk, property or stand-alone policy(ies) in an amount equal to the lesser of replacement cost, mortgage value or $5,000,000.

Equipment Breakdown. To the extent not covered by the Builders Risk or Property policy, insurance with a limit sufficient to cover 100% replacement cost of the equipment. Equipment breakdown and builders' risk insurance policies, if separate, shall include a joint loss clause.

Boiler and Machinery Insurance. For developments under construction and completed developments with boilers, pressure vessels, large air conditioning units, special machinery or major electrical installations, boiler and machinery insurance shall 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); (2) a water temperature of 210° F, or; (3) a nominal water-containing capacity of 120 gallons. The limit shall be the lesser of (a) the value of 100% of the replacement cost of the subject property or (b) $5,000,000, unless RIHousing determines that a higher limit is required. Loss recoveries must be on a replacement cost valuation basis. Rental income shall be provided in an amount equal to 100% of annual gross potential rental income plus a 90-day extended period of indemnity and a maximum deductible of two weeks. The policy shall include a joint loss agreement to coordinate coverage with the property coverage if not written by the same insurer. A standard comprehensive form boiler and machinery policy covering all pressure, mechanical and electrical objects and apparatus may fulfill the boiler and machinery requirements. Any deductibles in the policy shall not exceed $25,000 per occurrence unless the Property Owner can demonstrate the financial ability to absorb a higher retention in a form satisfactory to RIHousing, and the Property Owner certifies that it shall be responsible for any such deductible.

Commercial General Liability. Parties and Hired Parties shall purchase and maintain Commercial General Liability (CGL) written on an occurrence basis, and such coverage shall be at least as broad as the broadest available version of Insurance Services Office form CG 00 01. No amending or exclusionary endorsements material to any parties' obligations in the Exhibit may be attached. There shall be no endorsement or modification of the CGL limiting the scope of coverage for liability assumed under an insured contract or limiting the liability owed to the Indemnified Parties to that limit required in the contract. The policy shall provide for separation of insureds and shall contain no insured vs. insured exclusion. The policy shall contain additional insured endorsements as described in the Additional Insured section and a Waiver of Transfer of Rights of Recovery Against Others to Us, form CG2404 or equivalent endorsement, naming the Indemnified Parties in the endorsement schedule. Products and completed operations coverage shall be maintained for 3 years after Substantial Completion or the expiration or termination of the Loan Agreement, agreement, or contract, whichever is greater. Throughout the 3-year period, Parties and Hired Parties shall submit renewal insurance certificates, including the Additional Insured endorsements, as evidence that coverage is being maintained. The policy shall contain an endorsement granting a per-project or per-location aggregate limit for the Project. Mold coverage shall be included if available. If not available, the Property Owner shall submit a written mold prevention program to RIHousing.

Commercial Automobile Liability. Parties and Hired Parties shall purchase and maintain commercial automobile liability coverage for all owned (if any), non-owned and hired automobiles. Coverage shall be no less broad than that provided under symbol 1. If the Party does not own autos, symbols 8 and 9 shall be provided on the automobile policy, or hired and non-owned coverage shall be provided on the Commercial General Liability policy. Indemnified Parties shall be named as additional insureds and the policy shall contain a Waiver of Subrogation or Waiver of Transfer of Rights of Recovery endorsement naming the Indemnified Parties in the endorsement schedule.

Excess or Umbrella Liability. Parties and Hired Parties shall purchase and maintain a follow-form excess or umbrella liability policy, and policies in excess of those policies, providing excess coverage over Commercial General Liability, Automobile Liability and, if required, Employers Liability. Coverage provided by the excess or umbrella policy(s) shall be no less broad than the coverage for Commercial General Liability, Automobile Liability and Employers Liability described in this Exhibit. Products and completed operations liability under the Excess or Umbrella Liability policy(s) shall be maintained for 3 years after Substantial Completion or the expiration or termination of the Loan Agreement, agreement or contract, whichever is greater. The policy shall contain additional insured endorsements or follow form coverage as described in the Additional Insured section and a Waiver of Transfer of Rights of Recovery Against Other to Us endorsement naming the Indemnified Parties in the endorsement schedule. Any Excess or Umbrella liability coverage will not require contribution before it applies.

Limits of Liability. The total limits of liability for Commercial General Liability, including Excess or Umbrella Liability, and Commercial Automobile Liability shall be no less than the following:

Category/Coverage	Buildings with 1-3 Stories	Buildings with 4 or More Stories	Hired Parties*
Commercial General Liability - each occurrence	$4,000,000	$6,000,000	$2,000,000
Commercial General Liability - personal/advertising injury	$4,000,000	$6,000,000	$2,000,000
Commercial General Liability – products - completed operations aggregate	$4,000,000	$6,000,000	$2,000,000
Commercial General Liability - general aggregate	$4,000,000	$6,000,000	$2,000,000
Automobile Liability - combined single limit	$4,000,000	$6,000,000	$2,000,000

RI Housing has the discretion and reserves the right to require higher limits of liability.
*For Hired Parties, per definition on page 1, with contracts or purchase orders of $25,000 or less, the required limit is $1,000,000.

Workers' Compensation and Employer's Liability. Parties and Hired Parties shall purchase and maintain statutory workers compensation coverage compliant with the state of Rhode Island, and 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 worker's compensation, occupational disease or similar Laws, including the Longshore and Harbor Workers' Act, the Federal Employers' Liability and the Jones Act, if applicable. Employers' liability limits shall not be less than $1,000,000 each accident, $1,000,000 by disease-policy limit and $1,000,000 by disease-each employee. The policy shall contain a Waiver of Our Rights to Recover from Others endorsement naming the Indemnified Parties in the endorsement schedule.

Professional Liability Insurance. Parties, and Hired Parties as required, shall purchase and maintain, prior to closing, professional liability insurance appropriate to the parties' profession. Coverage shall apply to liability for a negligent professional error, act or omission arising out of professional services or any person or entity for whose performance the professional is legally liable. If coverage is written on a claims-made basis, any retroactive date shall be no later than the effective date of the agreement or contract; and continuous coverage shall be maintained or an extended discovery period exercised for 6 years after the earlier of: (1) the date of official acceptance of the completed Project by the Property Owner; (2) the date of the opening of the project to public use; (3) the date of acceptance by the architect of final payment under the construction contract; or (4) the date of final completion of the Project and the taking of possession of the project for occupancy by the Property Owner. The professional shall submit either (i) renewal insurance certificates to evidence coverage is maintained throughout the 6-year period; or (ii) a 6-year extended reporting period endorsement. Limits for the architect and any Hired Party providing professional services shall not be less than $2,000,000 per claim and $2,000,000 annual aggregate.

Contractor's Pollution Liability. If a general contractor or a Hired Party is involved in pollutant remediation, including 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 asbestos abatement, lead paint abatement, tank removal, removal of contaminated soil, and the like. 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 Indemnified Parties as Additional Insured. Limits shall not be less than $5,000,000 per occurrence and $5,000,000 aggregate.

Crime. Party shall purchase and maintain crime insurance to cover money, securities, information, property and other property types arising from computer fraud, forgery, funds transfer fraud, employee theft and similar loss types; all whether on or off the premises. The policy shall cover all persons involved in handling funds for the managing agent, Property Owner or development. If necessary to trigger coverage, Indemnified Parties shall be endorsed as 'Client'. If coverage is written on a discovery form, continuous coverage will be maintained or an extended period to discover loss will be exercised for a period of 6 years beginning from the time that work under the agreement or contract is complete. Party shall submit either (i) renewal insurance certificates to evidence coverage is maintained throughout the 6-year period; or (ii) a 6-year extended period to discover loss endorsement. The limit shall be a minimum of 12 months gross potential rents.

Garage Keepers Legal Liability. If garage facilities are provided with the development, or attendants are employed for outdoor parking facilities, coverage is required to protect vehicles from damage while in the possession or control of the Property Owner or a Hired Party. The Property Owner, and Hired Party if applicable, shall obtain garage keepers' legal liability insurance at a combined single limit per occurrence of not less than $500,000. Coverage for comprehensive and collision shall have a maximum deductible of $1,000.

Requirements for Smaller Properties and Construction Projects up to $3,000,000

Applicable to:
Party/Parties - Property Owners, architects, general contractors and contractors
Hired Parties - Subcontractor, vendor, agent or other hired party, collectively, "Hired Party or Parties"

Refer to Insurance Policy Requirements above for the details of each required coverage.

Property Owner Requirements
Property Owner shall obtain and provide evidence of the following insurance: Builders Risk, if property is under construction: Property, Flood, if applicable, Personal Liability (if property is covered under homeowners or a dwelling fire policy with personal liability) or Commercial General Liability at a minimum limit of $1,000,000 each occurrence and aggregate, and, if Property Owner has any employees, Statutory Workers' Compensation coverage and Employer's Liability.

If any properties that qualify for the insurance requirements under this section use a property manager, the property manager shall meet the requirements set forth above under Managing Agent Coverage Requirements.

All Property Owners are encouraged to recommend that their tenants purchase tenant insurance to cover the tenants' personal property and personal liability.

Architect(s)
Property Owner shall require and obtain evidence of the following insurance from each architect, as applicable: Commercial General Liability, at a minimum limit of $1,000,000, each occurrence and general aggregate, and Professional Liability at a minimum limit of $1,000,000.

For one-family and two-family projects under $1,000,000, the architect may provide Professional Liability coverage at a minimum limit of $500,000. If the architect has employees, the architect shall provide evidence of statutory Workers' Compensation coverage and Employer's Liability.

General Contractors, Contractors and Hired Parties
Property Owner shall require and obtain evidence of the following insurance from general contractor(s), contractors and each Hired Party: Commercial General Liability at a minimum limit of $1,000,000, and statutory Workers' Compensation coverage and Employer's Liability, if the Party or Hired Party has any employees.

Additional requirements applicable to each of the above Parties and Hired Parties

All Parties and Hired Parties shall furnish evidence of the required insurance on an ACORD form 25 and/or 28 as described above under Evidence of Insurance.

For projects under $1,000,000, evidence of property insurance may be provided on an ACORD form 27.

The certificate holder shall be Rhode Island Housing and Mortgage Finance Corporation, Its Successors and Assigns, 44 Washington Street, Providence RI, 02903-1721, Attn: Director of Loan Servicing.

Builders' Risk deductibles shall not be greater than $10,000.

Commercial General Liability deductibles shall not be greater than $5,000.

For all policies where RIHousing has an insurable interest, Rhode Island Housing and Mortgage Finance Corporation shall be listed as mortgagee and loss payee as described above under Mortgagee/Loss Payee.

All Commercial General Liability policies shall name Rhode Island Housing and Mortgage Finance Corporation as Additional Insured on the broadest available additional insured endorsement for ongoing and completed operations. Copies of the additional insured endorsements shall be attached to the certificate of insurance.