

MHP INSURANCE REQUIREMENTS CHECKLIST Updated 7/10/18

Loan Number _____

Insurance Agent _____

Property Name _____

Property Insurance Company _____

Liability Insurance Company _____

Premium (MHP financed properties only) _____

If blanket policy, premium for all properties on policy _____

A. GENERAL COVERAGE AND POLICY ISSUES

1. **D PROVIDER RATING** – The insurance company must have a BEST rating of A- of better and be the size of Class VII or better
Insurer Rating: _____
Insurer Financial Size Category: _____
2. **D ACORD CERTIFICATES** – An Accord 28 Evidence of Commercial Property Insurance and an Accord 25-9-2009 Certificate of Liability Insurance is required 2 weeks prior to loan closing and prior to the policy inception date thereafter.
3. **D 30 DAY NOTICE** – Certificate must require that 30 days written notice be given for *cancellation, non-renewal, or material reduction in terms and conditions*. Such requirement must be stated directly on each certificate.
4. **D NON-PAYMENT NOTICE** – Certificate must require that 20 days written notice be given for non-payment of premium. Such requirement must be stated directly on each certificate.
5. **D MHP AS MORTGAGEE & LENDERS LOSS PAYABLE** – MHP must be listed as Mortgagee and Lenders Loss Payable for property insurance and must be listed directly on the Accord 28 Evidence of Commercial Property Insurance.
6. **D MHP AS ADDITIONAL INSURED** – MHP must be listed as Additional Insured for General Liability Insurance and must be listed directly on the Accord 25-9-2009 Certificate of Liability Insurance.

MHP must be listed exactly as following in both property and liability coverage:

*Massachusetts Housing Partnership Fund Board
Its Successors and/or Assigns
As Their Interest May Appear (ATIMA)
160 Federal Street, 2nd Floor
Boston, MA 02110*

B. PROPERTY RELATED COVERAGES

1. **D FULL REPLACEMENT COST** – Fire and All-Risk Coverage must be based on *full replacement cost* of building(s) and improvements. Note: If two or more geographically separate locations are insured under the same policy with a blanket limit covering such locations, the total amount of insurance may be equal to 90% of the aggregate replacement cost values. Also, please indicate how the replacement cost was determined/calculated by \$/unit, \$/square feet, etc.
2. **D COINSURANCE PROVISION** – If policy contains a Coinsurance Provision, an "Agreed Amount" endorsement must be attached to the policy in order to waive this provision. Agreed Amount endorsement must be stated directly on Accord 28 Evidence of Commercial Property Insurance. If there is not a Coinsurance Provision, please indicate "no coinsurance" on the certificate.
3. **D FLOOD INSURANCE** – Flood Insurance is mandatory for properties located in Special Flood Hazard Areas (SFHA) where the NFIP's floodplain management regulations must be enforced. The SFHA includes Zones A, AO, AH, A1-30, AE, A99, AR, AR/A1-20, AR/AE, AR/AO, AR/AH, AR/A, VO, V1-20, VE, and V. The amount required is the maximum available under the NFIP plus Excess Coverage up to the MHP mortgage amount. Maximum deductible for Flood Insurance shall be \$25,000. If not applicable, please indicate below.

FLOOD INSURANCE REQUIRED: YES NO

4. **D LOSS OF INCOME** – Loss of Income Coverage must be equal to the expected gross annual rental income of the property/project. Alternatively, coverage can be provided on a "12 month actual loss sustained" basis. The deductible for Loss of Income shall not exceed 24 hours.
5. **D WINDSTORM** – If Windstorm Coverage is excluded under the primary property/casualty policy, the borrower will be required to obtain a separate windstorm insurance policy containing coverage provisions satisfactory to MHP.
6. **D DEDUCTIBLE** – Maximum deductible limit of \$15,000 per occurrence for property securing the mortgage loan with less than \$5MM in total insurance value; \$25,000 maximum deductible limit per occurrence for property securing the mortgage loan with more than \$5MM but less than \$50MM in total insurable value; \$100,000 maximum deductible per occurrence for property securing the mortgage loan of greater than \$50MM and less than \$100MM in total insurable value.

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B. PROPERTY RELATED COVERAGES (CONTINUED)

7. **D EQUIPMENT BREAKDOWN** – Equipment Breakdown coverage is mandatory for all borrowers. Terms of coverage are to be included with the Property Policy or written on a separate policy on a Replacement Cost Valuation basis. Limits of coverage shall be the same as the limit provided for Building(s), Improvements, and Loss of Income.
8. **D ORDINANCE & LAW** – Ordinance and Law is not required for new construction projects, and for 9% LIHTC and TCAP/TC-X projects that were syndicated less than 25 years ago. Ordinance and Law is required for all properties which are non-conforming under current land use laws or ordinances and cannot be rebuilt “as is”. Ordinance & Law coverage is also required for any property with a construction date 25 years or more before closing. For properties which are non-conforming or were constructed 25 years prior to closing, the following terms of coverage are required:
 - a) **Coverage A** – Loss to the undamaged portion of the Building, with coverage up to and including the full replacement cost of the building.
 - b) **Coverage B** – Demolition Cost: Coverage sufficient to pay the cost of demolishing the undamaged portion of the building if required by ordinance or law to implement Coverage A. **Minimum** coverage requirement is **10%** of full replacement cost of building(s).
 - c) **Coverage C** – Increased Cost of Construction: Coverage sufficient to pay for upgrades required by the enforcement of current ordinance and law. **Minimum** coverage requirement is **10%** of full replacement cost of building(s).

Note: If Coverage B and C are combined Minimum Coverage is 20% of full replacement cost of building(s)

C. LIABILITY RELATED COVERAGES

1. **D COMMERCIAL GENERAL LIABILITY** – Commercial General Liability insurance coverage should be provided on a 2001ISO occurrence form, or its equivalent, including products and completed operations. Any policy aggregate should be written on a “per location” basis. The following minimum limits of liability shall be carried: Combined single limit of \$1,000,000 for personal and advertising injury coverage.
 - D** 2001ISO Occurrence Form Coverage or its Equivalent with no Deductible or SIR

Bodily Injury & Property Damage, CSL	\$1,000,000 per occurrence
Personal Injury & Advertising Injury	\$1,000,000 per occurrence
 - D** Per Location Aggregate limit if policy insures more than one premises
2. **D UMBRELLA/EXCESS LIABILITY** – Umbrella/Excess Liability coverage is required based on the following schedule:

5-20 units:	\$2,000,000
20-40 units:	\$4,000,000
40-100 units:	\$5,000,000
> 100 units:	\$10,000,000