

PERMANENT INSURANCE SPECIFICATIONS MULTIFAMILY UNITS

Basis: This supplements Paragraph 6 INSURANCE in MORTGAGE CONTRACT SDHDA MF351 in accordance with the right of mortgagee (SDHDA) to require insurance for contingencies as may be required from time to time and modifies, clarifies, and extends the insurance requirements herein before required in said Paragraph 6 without eliminating or reducing any of the rights of the mortgagee (SDHDA) or the obligations of the mortgagor (Owner). In lieu of a fire and extended coverage policy or policies, a property and liability multiperil policy or policies must be provided including the following Minimum features:

1. Property Coverage: Special Form All Risk Subject to usual exclusions. Policy must provide 100 percent of the outstanding mortgage or the replacement cost of the building, whichever is greater. The policy must provide an agreed amount endorsement which waives any coinsurance features of the policy on a basis consistent with the policy period. The policy shall not include coverage for "Employee Dishonesty." All such coverages are included under separate Fidelity Bond policies.
2. Business Income Protection: Loss of business income coverage in the **amount of actual rent loss sustained for a period of one year**.
3. Deductible Clause: Property coverage deductible may not exceed \$500 per occurrence except that exceptions can be considered subject to prior approval of SDHDA.
4. Liability Limits and Features: Broad Form Comprehensive General Liability coverage with limits of at least \$500,000 each occurrence for bodily injury, property damage, personal injury, and advertising injury is required. Personal injury endorsement with coverage for wrongful eviction, wrongful entry or invasion of the right of privacy shall be included and also Non-owned and Hired auto liability. Because SDHDA has a contingent liability exposure arising out of original construction activities and periodic inspections after completion of construction, SDHDA, its employees, servants, and agents shall be included as additional insureds under the General Liability coverage by endorsement for any liability arising out of the maintenance and use of the mortgaged premises.
5. Mortgage Clause and Cancellation: A standard mortgage clause attachment naming the South Dakota Housing Development Authority as mortgagee must be included as well as a special provision providing for a thirty (30) day notice to the mortgagee in the event of cancellation.
6. Evidence Required: The original policy, or a duplicate original, must at all times be filed with SDHDA. Temporary binder pending delivery of initial permanent policy to SDHDA or renewal thereof is acceptable on current standard Accord form provided the binder incorporates all the required features of the permanent insurance including the thirty (30) day notice of cancellation requirement. Binder must be in the hands of SDHDA thirty (30) days prior to the expiration of an existing policy in the event that a renewal policy cannot be delivered within thirty (30) days of the expiration of existing permanent insurance.

7. **Ordinance or Law Coverage:** **Such coverage is mandatory for all properties having 15 or more units.** In cases involving properties with 14 or fewer units and (1) where the local building codes or ordinances have changed to require new, more restrictive building or replacement standards of accessibility or construction since the building was originally built, and (2) the Owner desires to be insured against exposure to the increased costs of building replacement, Ordinance or Law coverage may be included in the policy.
8. **Quality of Insurance Carrier:** Coverage must be provided by an insurance carrier which has an A.M. Best Financial Rating of at least A.
9. **Premium Payments:** Annual premiums are escrowed and paid by SDHDA to the insurance agent (or company) of Record unless prior notice of a change is received by SDHDA from the mortgagor (Owner).
10. **Policy Period:** A policy may be written for a period of one, two or three years provided the policy period begins on January 1 and terminates on December 31.
11. **Disclaimer:** SDHDA in establishing minimum insurance requirements does not in any way represent that the above required insurance or limits of liability are sufficient or adequate to cover the Owner's interests or liabilities.
12. **Workman's Compensation:** Although evidence of Workman's Compensation is not required, the mortgagor should seek the advice of his insurance counselor on the need for coverage. An employer of one or more employees is subject to the Workman's Compensation Act even though the compensation is a reduction in rent in lieu of cash compensation.
13. **Systems Breakdown Coverage:** It is recommended that Systems Breakdown Coverage be considered for all multi-story buildings and buildings with boiler systems. Policies offering coverage for losses resulting from gaps in standard property policies are strongly recommended.
14. **Certification Required:** At the time of filing the initial policy with SDHDA, the insurance agent shall also file the enclosed PERMANENT INSURANCE CERTIFICATION on page 4 (formerly HM-204).

PERMANENT INSURANCE PROPOSAL AND QUOTE

OWNER: _____
DEVELOPMENT NAME: _____
DEVELOPMENT NUMBER: _____
PROPOSED INSURANCE COMPANY: _____
AM BEST FINANCIAL RATING: _____
PROPOSED TERM OF POLICY: _____ (YRS)
AMOUNT OF PROPERTY COVERAGE: \$ _____
AMOUNT OF LIABILITY COVERAGE: \$ _____
SPECIAL FEATURES (IF ANY) _____

DEDUCTIBLE AMOUNT: \$ _____
PROPOSED ANNUAL PREMIUM: \$ _____

PREPARED BY: _____
FOR: _____
(Insurance Company)

DATE: _____
TELEPHONE NUMBER: _____

PRELIMINARY INSURANCE CERTIFICATION

The undersigned hereby certifies to the South Dakota Housing Development Authority (SDHDA) that the attached proposal and quote for a permanent insurance policy is based upon the required minimum features of the SDHDA Permanent Insurance Specifications (Form 203-revised 9/04) and that, upon acceptance and approval of the attached proposal and quote by the owner and SDHDA, a policy conforming to those minimum features will be issued.

The undersigned agent further certifies that the agency currently carries Insurance Agents Errors and Omissions Insurance and that it is anticipated that such insurance will continue in effect for the full term of the aforementioned permanent insurance policy.

Dated this ____ day of _____ 2____.

Insurance Agency: _____
Address: _____

Telephone Number: _____

By: _____
(Agent Signature)

PERMANENT INSURANCE CERTIFICATION

The undersigned hereby certifies to the South Dakota Housing Development Authority (SDHDA) that insurance policy number _____ issued to _____ (Owner), in connection with SDHDA Development Number _____ meets the minimum permanent insurance requirements as established by SDHDA via Form HM-203.

I further certify that I do _____ do not _____ carry Insurance Agents Error and Omissions Insurance.

Dated this ____ day of _____ 2____.

Insurance Agency: _____

Address: _____

Telephone Number: _____

By: _____
(Agent Signature)

GENERAL PROPERTY DESCRIPTION

DEVELOPMENT NAME: _____
DEVELOPMENT NUMBER: _____
LEGAL DESCRIPTION: _____
(CHECK ONE) ____ NEW CONSTRUCTION ____ REHAB
YEAR CONSTRUCTED: _____

ORIGINAL DEVELOPMENT COST (INCLUDING LAND): \$ _____
ORIGINAL LAND COST: \$ _____
MORTGAGE BALANCE AT DECEMBER 31 OF CURRENT YEAR: \$ _____
ESTIMATED REPLACEMENT COST: \$ _____

OPTIONAL PERILS COVERAGE SOUGHT (IF ANY): _____

NAMED INSUREDS (**NOTE:** SDHDA SHALL BE NAMED AS MORTGAGEE IN ACCORDANCE WITH PARAGRAPH 5 OF THE SDHDA PERMANENT INSURANCE SPECIFICATIONS): _____

DEDUCTIBLE AMOUNT (NOT TO EXCEED \$500 WITHOUT PRIOR SDHDA APPROVAL) \$ _____

SITE DESCRIPTION

DEVELOPMENT NAME: _____ SITE NO: _____
STREET ADDRESS: _____

PROPERTY DIMENSIONS: _____
EQUIPMENT AND OUTBUILDINGS (MOWERS, SNOWBLOWERS, STORAGE SHEDS,
GARAGES, ETC.) PLEASE LIST AND DESCRIBE: _____

FIRE SAFETY SYSTEMS (FIRE DOORS, WALLS, ALARMS, SPRINKLERS, ETC.) SPECIFY
BUILDING NO.: _____

BUILDING NO. 1
TYPE OF CONSTRUCTION (WOODFRAME, BRICK VENEER, ETC.): _____

EXTERIOR DIMENSIONS: _____
NO. OF STORIES: _____
APARTMENT TYPE (TOWNHOUSE, WALKUP, THREE STORY ELEVATOR, ETC.): _____

COMMUNITY ROOM/LOBBY (ESTIMATED SIZE): _____ SQ. FT.
COMMON HALLWAYS: _____ YES _____ NO
LAUNDRY FACILITIES (ESTIMATE SIZE): _____ SQ. FT.
NUMBER OF APARTMENT UNITS BY NUMBER OF BEDROOMS AND SIZE:

_____ EFF X _____	SQ FT PER UNIT = _____	TOTAL SQ FT
_____ 1BR X _____	SQ FT PER UNIT = _____	TOTAL SQ FT
_____ 2BR X _____	SQ FT PER UNIT = _____	TOTAL SQ FT
_____ 3BR X _____	SQ FT PER UNIT = _____	TOTAL SQ FT
_____ 4BR X _____	SQ FT PER UNIT = _____	TOTAL SQ FT

APARTMENT CONTENTS (LIST ALL DEVELOPMENT OWNED APPLIANCES, SPECIAL
FIXTURES, CARPETING AND DRAPERIES TYPICAL OF ALL UNITS): _____

COMMON AREA CONTENTS (INCLUDE LAUNDRY EQUIPMENT, FURNITURE, ETC., IF
ANY): _____

BUILDING NO. _____

TYPE OF CONSTRUCTION (WOODFRAME, BRICK VENEER, ETC.): _____

EXTERIOR DIMENSIONS: _____

NO. OF STORIES: _____

APARTMENT TYPE (TOWNHOUSE, WALKUP, THREE STORY ELEVATOR, ETC.): _____

COMMUNITY ROOM/LOBBY (ESTIMATED SIZE): _____ SQ. FT.

COMMON HALLWAYS: _____ YES _____ NO

LAUNDRY FACILITIES (ESTIMATE SIZE): _____ SQ. FT.

NUMBER OF APARTMENT UNITS BY NUMBER OF BEDROOMS AND SIZE:

_____ EFF	X	_____ SQ FT PER UNIT	=	_____ TOTAL SQ FT
_____ 1BR	X	_____ SQ FT PER UNIT	=	_____ TOTAL SQ FT
_____ 2BR	X	_____ SQ FT PER UNIT	=	_____ TOTAL SQ FT
_____ 3BR	X	_____ SQ FT PER UNIT	=	_____ TOTAL SQ FT
_____ 4BR	X	_____ SQ FT PER UNIT	=	_____ TOTAL SQ FT

APARTMENT CONTENTS (LIST ALL DEVELOPMENT OWNED APPLIANCES, SPECIAL FIXTURES, CARPETING AND DRAPERIES TYPICAL OF ALL UNITS): _____

COMMON AREA CONTENTS (INCLUDE LAUNDRY EQUIPMENT, FURNITURE, ETC., IF ANY): _____

BUILDING NO. _____

TYPE OF CONSTRUCTION (WOODFRAME, BRICK VENEER, ETC.): _____

EXTERIOR DIMENSIONS: _____

NO. OF STORIES: _____

APARTMENT TYPE (TOWNHOUSE, WALKUP, THREE STORY ELEVATOR, ETC.): _____

COMMUNITY ROOM/LOBBY (ESTIMATED SIZE): _____ SQ. FT.

COMMON HALLWAYS: _____ YES _____ NO

LAUNDRY FACILITIES (ESTIMATE SIZE): _____ SQ. FT.

NUMBER OF APARTMENT UNITS BY NUMBER OF BEDROOMS AND SIZE:

_____ EFF	X	_____	SQ FT PER UNIT	=	_____	TOTAL SQ FT
_____ 1BR	X	_____	SQ FT PER UNIT	=	_____	TOTAL SQ FT
_____ 2BR	X	_____	SQ FT PER UNIT	=	_____	TOTAL SQ FT
_____ 3BR	X	_____	SQ FT PER UNIT	=	_____	TOTAL SQ FT
_____ 4BR	X	_____	SQ FT PER UNIT	=	_____	TOTAL SQ FT

APARTMENT CONTENTS (LIST ALL DEVELOPMENT OWNED APPLIANCES, SPECIAL FIXTURES, CARPETING AND DRAPERIES TYPICAL OF ALL UNITS): _____

COMMON AREA CONTENTS (INCLUDE LAUNDRY EQUIPMENT, FURNITURE, ETC., IF ANY): _____