

INSURANCE REQUIREMENTS FOR IHDA PROJECTS – NEW IHDA LOANS NEW CONSTRUCTION AND/OR REHAB

General Requirements:

The insurance coverage listed below represents the minimum requirements for projects financed by the Illinois Housing Development Authority (“IHDA”). IHDA does reserve the right to require additional coverage or increased limits if IHDA deems such additional coverage or increased limits are necessary for a particular project or project participant. IHDA must be given an opportunity to review all appropriate insurance documentation 15 days prior to the commencement of a project. All appropriate insurance documentation must be provided to IHDA bound and enforce no later than three (3) days prior to the closing.

The insurance policies issued for IHDA financed projects must be issued by companies licensed to do business in the State of Illinois or by companies which have been approved by the Illinois Commissioner of Insurance as a Surplus Lines Insurer. **IHDA will only accept those companies with an A.M. Best rating of A VII or better and a Standard & Poor’s rate of A or better.**

The appropriate project name, property address and IHDA PID number shall be included on all certificates. All insurers affording coverage shown on documentation shall include the full, complete, specific name of the insurance company affording coverage including NAIC # – (do NOT show only the “group” name such as “Chubb Insurance” or “Travelers Insurance”).

The certificate should include all appropriate information for coverage, policy effective date, policy expiration date, policy numbers, policy limits and deductible. Illinois Housing Development Authority must be a certificate holder as follows:

Illinois Housing Development Authority
111 East Wacker Drive, Suite 1000
Chicago, IL 60601

Documentation for each policy needs to confirm that the policy will not be materially changed, cancelled or non-renewed without 30 days’ written notice to IHDA at the above address. “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.

IHDA may require additional insurance if IHDA determines additional insurance is necessary to cover any additional hazards involved in construction of the project.

Please provide these General Requirements and the appropriate specific requirements described below to your insurance agent(s).

Please do not submit certificates directly through the agent to the consultant. They should be routed through your point of contact at IHDA. Please allow AT LEAST 48-hour turnaround for any insurance certificates received.

The insurance department will be reviewing the documentation and the contact is Connie Lolli at MFInsurance@ihda.org. If you or any of the insurance agents preparing the insurance documentation for review have any questions, please contact MFInsurance@ihda.org. However, please note that any certificates to be reviewed should still be routed directly through your point of contact at IHDA or will not be considered a submission for due diligence.

INSURANCE REQUIREMENTS FOR IHDA PROJECTS – NEW IHDA LOANS NEW CONSTRUCTION AND/OR REHAB

Owner

THE PROJECT OWNER MUST PROVIDE EVIDENCE OF THE FOLLOWING INSURANCE COVERAGE:

- ▶ If **New construction**, Builders Risk Insurance (Acord 28) in the amount of the full cost of the construction amount.
- ▶ If **Single Family Homes** – see separate comments on page 3 for required property coverage
- ▶ If **Rehab**, Commercial Property Insurance (Acord 28) in the amount of the full cost of the construction amount. See separate comments on page 3 for required property coverage.
- ▶ Depending on where the property is located, IHDA will require:
 - Flood Insurance: must be provided to cover the full cost of any building(s) located in any flood zone.
 - Mine Subsidence Insurance: must be provided to cover the full cost of any building(s) impacted by any underground mine exposure.
 - Earthquake/Earth Movement Insurance: must be provided to cover the full cost of any building(s) impacted by any potential earthquake/earth movement

General Liability Insurance (Acord 25) –

- ▶ Commercial General Liability Insurance in the minimum amounts of \$1,000,000 for each occurrence and \$2,000,000 in per project aggregate; and
- ▶ Evidence of Automobile Liability Insurance with minimum combined single limit of \$1,000,000.
- ▶ Evidence of Umbrella Liability Insurance with a minimum coverage of \$5,000,000 each occurrence.

The Illinois Housing Development Authority must be listed as a Mortgagee and as an Additional Insured on the Builders Risk Insurance and as an Additional Insured on the Liability.

Contractor

THE GENERAL CONTRACTOR MUST PROVIDE EVIDENCE OF THE FOLLOWING INSURANCE COVERAGE:

- ▶ Commercial General Liability Insurance in the minimum amounts of \$1,000,000 for each occurrence and \$2,000,000 in project aggregate.
 - The Owner and Illinois Housing Development Authority must be listed as Additional Insured on the Liability Insurance
- ▶ Evidence of Automobile Liability Insurance
- ▶ Evidence of Statutory Worker's Compensation
- ▶ Evidence of Excess/Umbrella Liability Insurance in the amount of \$5,000,000
- ▶ Construction Completion Assurance:
 - 100% Performance and Payment Bond(s) must also be submitted for review. The bond must list the Illinois Housing Development Authority as Dual Obligee. A draft form of the P & P bond(s) may be submitted; however, the draft should mirror what the actual bond(s) will look like at closing including all information completed (including exact entity names).
 - or
 - An irrevocable letter of credit for 25% of the total construction costs in lieu of a Performance and Payment Bond may be presented Please speak to your point of contact regarding Letter of Credit requirements.

INSURANCE REQUIREMENTS FOR IHDA PROJECTS – NEW IHDA LOANS NEW CONSTRUCTION AND/OR REHAB

Architect:

THE DESIGN ARCHITECT AND SUPERVISORY ARCHITECT MUST PROVIDE EVIDENCE OF THE FOLLOWING INSURANCE COVERAGE:

- ▶ Professional Liability Insurance for at least \$1,000,000 per occurrence
- ▶ Evidence of coverage should be provided prior to loan closing and be valid during the course of construction. If the policy is issued on a “claims made” basis, the Extended Reporting Period for the development to which the policy applied shall extend 5 years after obtaining an occupancy permit.
- ▶ Illinois Housing Development Authority must be a certificate holder

Property Manager

THE PROPERTY MANAGER MUST PROVIDE EVIDENCE OF THE FOLLOWING INSURANCE COVERAGE:

- ▶ Employees Dishonesty Insurance in an amount that is **at least** two and one-half times greater than the monthly gross rent.
- ▶ Illinois Housing Development Authority must be a certificate holder AND joint loss payee

Owner - Single – Family Projects

THE PROJECT OWNER AND/OR GENERAL CONTRACTOR MUST PROVIDE EVIDENCE OF THE FOLLOWING INSURANCE COVERAGE:

- ▶ New Construction - Owner – Builder’s Risk Coverage is required prior to beginning construction of individual homes

Owner – Rehab

THE PROJECT OWNER MUST PROVIDE EVIDENCE OF THE FOLLOWING INSURANCE COVERAGE:

Coverage requirements for Rehab projects can vary depending on the project type. Following is meant to be a general guideline. Depending on the complexity of the project, additional coverage may be required. On all rehab projects, the existing building is to be insured as well as the improvements. In general, coverage for the rehab/construction risk should be evidenced in an amount at least equal to the Improvements and Betterments for the full amount of such improvements and betterments including the existing shell. In addition, loss of rents/business income coverage will need to be provided equal to annual gross income for the project if any tenants will inhabit any part of the project during rehab.

The Illinois Housing Development Authority must be listed as Mortgagee and as Additional Insured on the Liability and the Property/Construction Insurance. Illinois Housing Development Authority must be a certificate holder as follows:

Illinois Housing Development Authority
111 East Wacker Drive, Suite 1000
Chicago, IL 60601

Existing IHDA properties which are being rehabbed need to maintain all applicable Property and Business Income, General Liability, Umbrella, and Fidelity insurance as required for the ongoing property.

- ▶ Depending on where the property is located, IHDA will require:
 - Flood Insurance: must be provided to cover the full cost of any building(s) located in any flood zone.
 - Mine Subsidence Insurance: must be provided to cover the full cost of any building(s) impacted by any underground mine exposure.
 - Earthquake/Earth Movement Insurance: must be provided to cover the full cost of any building(s) impacted by any potential earthquake.



SAMPLE everything in BLUE & HIGHLIGHTED is required
EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)

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

PRODUCER NAME, COMPANY ADDRESS Producers Name Street Address City, State Zip	PHONE (A/C, No, Ext): 123-456-7890	COMPANY NAME AND ADDRESS Insurers Name Street Address City, State Zip	NAIC NO: 12345
FAX (A/C, No):	E-MAIL ADDRESS:	IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH	
CODE:	SUB CODE:	POLICY TYPE Builders Risk	
AGENCY CUSTOMER ID #:	NAMED INSURED AND ADDRESS Owners Name Street Address City, State Zip	LOAN NUMBER # 12345 (IHDA Loan Number)	POLICY NUMBER AB 12345678
ADDITIONAL NAMED INSURED(S)	EFFECTIVE DATE 01/01/2024		EXPIRATION DATE 01/01/2025
			<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
	THIS REPLACES PRIOR EVIDENCE DATED:		

PROPERTY INFORMATION (ACORD 101 may be attached if more space is required) BUILDING OR BUSINESS PERSONAL PROPERTY

LOCATION / DESCRIPTION
Project name & complete property address

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 EVIDENCE OF PROPERTY INSURANCE 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.

COVERAGE INFORMATION PERILS INSURED BASIC BROAD SPECIAL

COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$ **Full cost of the construction amount** DED: **min \$10,000**

	YES	NO	N/A	
<input type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> RENTAL VALUE	<input checked="" type="checkbox"/>			If YES, LIMIT: Loss of Rents Value Actual Loss Sustained; # of months:
BLANKET COVERAGE				If YES, indicate value(s) reported on property identified above: \$
TERRORISM COVERAGE				Attach Disclosure Notice / DEC
IS THERE A TERRORISM-SPECIFIC EXCLUSION?				
IS DOMESTIC TERRORISM EXCLUDED?				
LIMITED FUNGUS COVERAGE				If YES, LIMIT: DED:
FUNGUS EXCLUSION (If "YES", specify organization's form used)				
REPLACEMENT COST	<input checked="" type="checkbox"/>			
AGREED VALUE				
COINSURANCE		<input checked="" type="checkbox"/>		If YES, %
EQUIPMENT BREAKDOWN (If Applicable)				If YES, LIMIT: DED:
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg				If YES, LIMIT: DED:
- Demolition Costs				If YES, LIMIT: DED:
- Incr. Cost of Construction				If YES, LIMIT: DED:
EARTH MOVEMENT (If Applicable) Insurable value on appraisal				If YES, LIMIT: DED:
FLOOD (If Applicable) Insurable value on appraisal				If YES, LIMIT: DED:
WIND / HAIL INCL <input type="checkbox"/> YES <input type="checkbox"/> NO Subject to Different Provisions:				If YES, LIMIT: DED:
NAMED STORM INCL <input type="checkbox"/> YES <input type="checkbox"/> NO Subject to Different Provisions:				If YES, LIMIT: DED:
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS				Soft Costs Limits

CANCELLATION **Mine Subsidence (If Applicable) - cover full cost of any building impacted**

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

ADDITIONAL INTEREST **30 days written notice of materially change, cancellation or non-renewal**

<input checked="" type="checkbox"/> CONTRACT OF SALE	<input type="checkbox"/> LENDER'S LOSS PAYABLE	<input type="checkbox"/> LOSS PAYEE	LENDER SERVICING AGENT NAME AND ADDRESS Agent Name Street Address City, State Zip
<input checked="" type="checkbox"/> MORTGAGEE	<input checked="" type="checkbox"/> Additional Insured		
NAME AND ADDRESS Illinois Housing Development Authority 111 E. Wacker, Ste 1000 Chicago, IL 60601 Attn: Multifamily Dept			AUTHORIZED REPRESENTATIVE Agent Signature

