



SUSTAINABLE FELLWOOD PHASE III

PROJECT SPECIFIC QUALIFICATIONS

Contractor Name: _____
Authorized Representative: _____
Address: _____
Phone Number: _____
Email Address: _____

Please acknowledge each of the items below by initialing.

___ Contractor is committed to providing a LEED AP as project manager.

___ Contractor shall agree to work with owner/developer to achieve City of Savannah and HAS goals for 30% minority business participation in subcontracts for services and supplies. Further, contractor shall co-operate with owner/developer to achieve all HUD mandated requirements under section 3 of HUD regulations.

___ New Rules require mandatory monthly submission of Section 3, Certified Payroll. General Contractor payment will not be processed without timely, complete and correct submissions.

___ Contractor is or will be a certified Earthcraft Builder by the time the project starts.

___ Contractor is a DCA approved General Contractor.

___ OR Contractor is committed to becoming a DCA approved General Contractor by the time the project starts.

Form to begin process is located at the following address:

http://www.dca.state.ga.us/housing/HousingDevelopment/programs/documents/GeneralContractorApprovalForm_001.doc

___ Contractor has acknowledged the following mandatory DCA fees structure:

- *6% overhead (max)*
- *6% profit (max)*
- *2% insurance & bond*

___ Contractor is committed to the following badge requirements:

- *I-9 Verification*
- *LEED/Earthcraft Awareness*
 - *Show 15 minute LEED/Earthcraft awareness video/presentation to each individual on site.*
 - *Issue a badge attachment signifying compliance to each individual*

___ Contractor has provided the following information for their **3** most recent Multifamily Projects.

- *Location of Project*
- *Size of Project*

- *Schedule & Budget Comments*

- ___ Contractor has previous experience working on low income housing tax credit projects.
- ___ Contractor has a written quality control program.
- ___ Contractor has a written safety program.
- ___ Contractor has acknowledged that they will be able to provide proof of the following insurance prior to start of construction. (See Exhibit L Insurance Requirements and Multifamily Insurance Requirements.) The strictest guidelines take precedence.
- ___ Contractor acknowledges that builder's risk insurance will be required.
- ___ Contractor will be expected to bond the project. (5% Bid 100% P&P)
- ___ Contractor has attached Total Annual Volume Report for the last 3-5 years.
- ___ Contractor is not nor has been on the HUD Suspension or Debarment list.
- ___ Contractor will be contracted with Sustainable Fellwood Phase III, LP.
- ___ Contractor agrees to follow guidelines of Clean Sites Initiative. (See attached.)

(signature of authorized representative)

(title)

(date)

**Please return this document and all required attachments to:
Annie Melone, Axiom Management LLC
AMelone@AxiomManagementLLC.com
912-220-3242 direct line**

Exhibit L

INSURANCE REQUIREMENTS CHECKLIST

A. Construction Phase

- 1. *Owner's Commercial General Liability (Bodily Injury and Property Damage) Insurance* of the real estate development class in amounts not less than \$1,000,000 per occurrence, \$2,000,000 in the aggregate, and \$3,000,000 umbrella for structures with 1-3 stories or \$5,000,000 umbrella for structures 4 or more stories. Maximum deductible is \$10,000.
- 2. *General Contractor's Commercial General Liability and Property Damage Insurance* of the construction exposure class in the same amounts set forth above. Automobile liability, and workers' compensation in the statutory amount. Maximum deductible is \$10,000.
- 3. *All-Risk Builder's Risk Insurance* ("All-Risk or "Special" form, NOT "NAMED PERIL" POLICY) providing replacement cost coverage in an amount equal to completed construction value, including soft cost coverage, with an agreed amount endorsement per the attached worksheet. For rehabilitation projects, the acquisition cost is to be included in the Builder's Risk policy or under a separate policy. Maximum deductible is \$10,000, but may be higher on a case-by-case basis.
- 4. *Architect's Errors and Omissions Insurance* for the greater of \$250,000 or 10% of the construction contract, in a form satisfactory to the Limited Partner.
- 5. *Pollution Insurance* for existing Apartment Complexes that are being substantially rehabilitated.

B. Permanent Insurance (after construction)

- 1. *Owner's Commercial General Liability (Bodily Injury and Property Damage) Insurance* in amounts not less than \$1,000,000 per occurrence, \$2,000,000 in the aggregate, and \$3,000,000 umbrella for structures with 1-3 stories or \$5,000,000 umbrella for structures 4 or more stories. Maximum deductible is \$10,000.
- 2. *Owner's Special Form* ("All-Risk or "Special" form, NOT "NAMED PERIL" POLICY) *Property Insurance* on buildings and personal property in an amount not less than the full insurable replacement value of such buildings and personal property, but in no event less than the principle amount of all outstanding loans for the project. Maximum deductible is \$10,000, but may be higher on a case-by-case basis.
- 3. *Rental Interruption Insurance* in amounts required by all lenders, but not less than the equivalent of twelve (12) month's gross rental income.
- 4. *Boiler and Machinery Insurance*

C. Catastrophic Risk and Additional Insurance Coverage

- 1. *Sinkhole/Mine Subsidence Insurance* in an amount equal to 100% replacement cost if the project is located in an area that is prone to sinkhole/mine subsidence.
- 2. *Windstorm Coverage* if "all-risk" property damage insurance excludes wind-related events in an amount equal to 100% of replacement cost or actual cash value. Maximum deductible is 5% of the total insured value.

- ___ 3. *Flood Insurance* in an amount equal to 100% of the full replacement cost if the project is located in a Special Flood Hazard Area. Maximum deductible is 2% of the total insured value per building.
- ___ 4. *Earthquake coverage* – Seismic reports are required for all projects located in Zones 3 or 4. If the Probable Maximum Loss (PML) is 20% or greater, earthquake insurance in an amount equal to 100% of the full replacement value is required, with a maximum deductible of 5% of the total insured value. If the PML is below 20%, insurance is not required. However, if the PML is slightly under 20%, the sponsor must provide information on what will be done to mitigate any seismic risk (i.e. construction includes HVAC clips, reinforced masonry, etc.).
- ___ 5. *Ordinance and Law Coverage* if the apartment complex represents a non-conforming use under current building, zoning, or land use laws or ordinances

D. Evidence of Insurance

Insurance coverage must be evidenced by Certificates of Insurance and properly endorsed policies certified as true and correct by the insurance agent, but may not be evidenced solely by Certificates. All evidence of insurance must satisfy the following requirements:

1. **[NAME OF PROJECT PARTNERSHIP]** should be the named insured.
2. **[FUND]** should be named as an additional insured and should appear in the certificate holder box with the following address:
c/o Enterprise Community Investment, Inc.
520 SW Sixth Avenue, Suite 700
Portland, OR 97204
Attention: Asset Management
3. Policies must be written with an A.M. Best rated company of "A-VI" or better.
4. All binders and policies should contain a cancellation clause stating that the policy will not be canceled without at least thirty (30) days prior written notice to the Limited Partner.
5. Certificates must document the amount of all deductibles.
6. All binders and policies must be accompanied by evidence of premium payment.

WELLS FARGO MULTIFAMILY CAPITAL

FREDDIE MAC INSURANCE REQUIREMENTS

(PLEASE PROVIDE THIS INFORMATION TO YOUR INSURANCE AGENT)

Property Name:

Address:

Description of Improvements:

Wells Fargo Multifamily Capital ("WELLS FARGO") is currently processing a loan request on the captioned property. Before the loan can be closed, however, WELLS FARGO must receive confirmation that the proposed/actual insurance program satisfies Freddie Mac's requirements, as summarized below:

General:

- A. Each policy must be for a term of not less than one year.
- B. The Named Insured must be the Borrower, as specified in the legal documents. The Property Damage policy must include a standard noncontributing mortgagee clause, loss payable clause, and the general liability policy must contain a standard additional insured provision acceptable to Freddie Mac as follows:

Freddie Mac its successors and assigns
c/o Wells Fargo Bank, N. A.
2010 Corporate Ridge, 10th Floor
McLean, VA 22102

- C. Each policy must include 30 Day advance Notification of coverage reduction or cancellation (10-day written notification for nonpayment of premium).
- D. A blanket or package policy (or policies) will satisfy insurance requirements, provided that: the policy provides the same or better insurance coverage as a single property insurance policy; the Property is listed and identifiable in the policy; and, the property is insured for 100 percent of the replacement cost of the improvements plus 12 months' gross income. The maximum per occurrence deductible for a blanket policy must not exceed one percent of the total Replacement Cost and is not to exceed \$250,000.

Property Insurance:

An ACORD-28 (10/2003 edition) form (Evidence of Property Insurance) and a complete copy of the policy reflecting:

- A. All Risk of Physical Loss. Mold will be considered for exclusion in all cases so long as the borrower has an O&M plan for mold and moisture control and there is not an existing mold condition at the property.
- B. Building ordinance or law coverage must be included or maintained in a separate policy for any property that may not be rebuilt to "as is" condition in the event of any loss. Additionally, please contact your asset manager immediately should the property become non-conforming at any time during the life of the loan.
- C. Boiler and Machinery Insurance is required for a Property with a central HVAC system where steam boilers and/or other pressurized systems are in operation and are regulated by the State where the property is located. Coverage must equal or exceed the lesser of the replacement cost of the building housing the central HVAC system including the replacement cost of the HVAC system or \$2M. If provided by a different carrier than the property coverage, evidence of a joint loss agreement must be provided. The maximum deductible amount is \$50,000 for an individual policy; or for a blanket policy the maximum deductible must not exceed 1 percent of the total replacement cost to a maximum amount of \$250,000.
- D. Amount of the policy must be based on an Agreed Value clause (with no co-insurance provisions) based on 100% Replacement Cost coverage of the improvements (with no deductions for depreciation), and documentation must be provided to show how the replacement cost was determined and by whom.
- D. Inflation Guard coverage is recommended.
- E. Loss of Rents/Business Income Coverage equal to 12 months' gross rents (Estimated Amount: _____) is required.
- F. All property insurance must be written on a per-occurrence basis. (However, boiler and machinery insurance, if required, must be written on a per-accident basis.)
- G. If there is a separate boiler and machinery policy, evidence of a joint loss endorsement for both the property policy and the boiler policy must be provided.

- H. If the building contains aluminum branch wiring, the policy, attachments and/or endorsements must also contain a written acknowledgement that the Property is covered for any damage caused by aluminum wiring.
- G. A deductible that does not exceed \$50,000 for a property with a replacement cost less than \$10M; and \$75,000 for a property with a replacement cost equal to or greater than \$10M. For a Blanket Policy, the maximum deductible per occurrence must not exceed 1 percent of the total Replacement Cost, to a maximum deductible of \$250,000.

Catastrophic Risks:

- A. If the property policy excludes damage from wind-related events, a separate windstorm insurance policy meeting the same requirements will be required and must include everything as indicated above for property coverage.
- B. Flood insurance is required if any improvement that is part of the property is located in an area that has been identified by FEMA as a Special Flood Hazard Area (“SFHA”), designated as Zones A and V [Zones A and V also include the following Zones: AE, A1 – 30, AH, AO, AR, A99, VE, and V1 – 30] Primary flood insurance must always be provided through the NFIP and comply with the NFIP deductible for the type of improvement insured. If the Replacement Cost of the building(s) exceeds the limit of NFIP coverage, Freddie Mac requires additional flood insurance from an insurer that meets Freddie Mac’s requirements. The deductible for private flood insurance must not exceed the maximum deductible permitted for property damage as outlined above.
- C. Freddie Mac may require earthquake insurance for a property in an area prone to earthquakes. Freddie Mac requires a Site Specific Seismic Report (SSSR) with a Probable Maximum Loss (PML) at the borrower’s expense for a Property located in Seismic Risk Zones 3 or 4.
- D. Freddie Mac may require terrorism insurance based on the characteristics of the property and the transaction.

Commercial General Liability:

An ACORD-25 Form (Certificate of Insurance) reflecting:

- A. Minimum of \$1,000,000 per occurrence and \$2,000,000 general aggregate is required for all properties. In addition, the borrower must carry a \$1M umbrella/excess policy for buildings that have 1 – 3 stories; \$5M for 4 – 9 stories; and \$10M for 10 stories or more. If the liability coverage is greater than \$1M per occurrence and \$2M aggregate, the Umbrella or Excess policy may be reduced or eliminated provided the total of both coverage complies with the following:

1 – 3 stories	\$2M per occurrence; \$3M aggregate
4 – 9 stories	\$6M per occurrence; \$7M aggregate
10 stories or more	\$11M per occurrence; \$12M aggregate

- B. Liability insurance must be written on a per-occurrence policy form.
- C. The certificate of insurance must indicate that coverage is provided on a per location basis.
- D. The maximum combined deductible for all forms of liability insurance [including Directors and Officers (D&O) and liability for Co-ops] is \$25,000. The maximum combined SIR for all forms of liability insurance is \$10,000. The maximum combined deductible and SIR is \$35,000 which is the sum of the maximum combined deductible (\$25,000) and the maximum combined SIR (\$10,000) for GL and Excess/Umbrella. For a blanket policy the maximum deductible per occurrence must not exceed one percent of the total replacement cost to a maximum deductible of \$250,000.

Other Policies:

Other coverage, such as, Builders Risk, Sewer and Drain Insurance, Insurance for localized perils, Workers’ Compensation Coverage, Automobile Liability and/or a Fidelity Bond may be required based on the particular factors that impact the property.

Carriers:

Each insurer providing property damage and liability insurance, whether admitted or non-admitted, including Lloyd’s of London, must meet the rating requirements for either AM BEST or Standard and Poors. If AM Best and Standard and Poors both rate an insurer, the insurer need meet only one of the rating requirements.

For AM Best:

If the mortgage amount is \$5M or less, the carrier must be rated A- with a financial size category of VI; if the mortgage amount is greater than \$5M up to and including \$25M, the carrier must be rated A- with a financial size category of VIII; if the mortgage amount is greater than \$25M, up to and including \$50M the carrier must be rated A with a financial size category of IX; and if the mortgage amount is greater than \$50M, the carrier must be rated A with a financial size category of X.

For Standard and Poors:

The insurer must be rated "BBB" or better in Standard and Poors Insurer Solvency Review.

THE INSURANCE AGENT MUST PROVIDE WELLS FARGO COPIES OF PAID RECEIPTS REFLECTING THE ANNUAL PREMIUMS FOR THESE POLICIES. IF A POLICY IS SCHEDULED TO EXPIRE WITHIN 60 DAYS OF THE ANTICIPATED LOAN CLOSING DATE, BORROWER WILL BE REQUIRED TO PROVIDE A CONFIRMATION THAT THE POLICY HAS BEEN OR WILL BE RENEWED BY A CARRIER WITH TERMS THAT SATISFY FREDDIE MAC REQUIREMENTS.