

**AFFORDABLE HOUSING  
RISK POOL**

**COVERAGE AGREEMENT**

**(as of January 1, 2023)**

# AFFORDABLE HOUSING RISK POOL INFORMATION PAGES

(January 1, 2023)

ITEM 1. Insured entity and Mailing address:

ITEM 2. Coverage Period  
From 00/00/\*\* to 00/00/\*\*

ITEM 3. This Coverage Agreement applies to the locations and items of property shown in Item 3 and the Coverages and Coverage sections indicated in the Information pages by a “yes” beside the Coverage; subject to all of the limits, terms and conditions of this Coverage Agreement including forms and endorsements made a part hereof. For all liability coverages, the defense costs are included in, and not in addition to, the limits of liability.

### Property Coverages - Including Certified Acts of Terrorism

Coverage Section		Included (Yes or No)
A	Buildings (Including Building Ordinance) and Personal Property	YES
B	Rental Income Coverage	YES
B	Fire / Tenant Legal	YES
C	Equipment Breakdown	YES

### LIMIT OF PROPERTY COVERAGE:

Coverage and Perils	Loss Limit and Deductible
Blanket Property Special Causes of Loss	Total Inventory Insured Value:
	Contents:
	Rental Income:
	Deductible:

### Liability Coverage – Including Certified Acts of Terrorism

Coverage Section		Included (Yes or No)
A	Bodily injury and Property damage, including personal injury	YES
B	Tenant Discrimination	YES
	<b>Optional Coverages</b>	<b>Included (Yes or No)</b>
	Employers Liability (WA Only)	YES

**LIMIT OF LIABILITY:**

Coverages	Per Occurrence / Aggregate
A General Liability	\$2,000,000 / Unlimited
A Hired & Non-Owned Auto	\$1,000,000 / \$1,000,000
B Tenant Discrimination	\$150,000 / \$300,000
Excess Liability	\$

**Fidelity and Crime Coverages**

Coverage Section	Included (Yes or No)	Limit of Liability	Deductible
Employee Dishonesty	YES	\$100,000	\$1,000
Forgery or Alteration	YES	\$100,000	\$1,000
Theft	YES	\$10,000	\$1,000

ITEM 4. Premiums

Property: \$ \_\_\_\_\_ .00

Liability: \$ \_\_\_\_\_ .00

Non-owned/Hired auto: \$ \_\_\_\_\_

Excess: \$ \_\_\_\_\_

Fidelity and Crime: \$ Included at no charge \_\_\_\_\_

Tenant Discrimination: \$ Included at no charge \_\_\_\_\_

Taxes & Fees: \$ \_\_\_\_\_

**TOTAL GROSS PREMIUM:** \$ \_\_\_\_\_ **00**

In return for the payment of and subject to all terms of this policy, AHRP agrees to provide the above-named insured entity the insurance stated in this policy. Receipt of premium signifies that the Insured Entity agrees to all terms and conditions of the policy, inclusive of values, rates, applicable deductibles and coinsurance.

\_\_\_\_\_  
**Issue Date**

\_\_\_\_\_  
**Authorized Signature**

## GENERAL DEFINITIONS

Words and phrases in *italicized* print in the *coverage agreement* and *coverage parts* have the meanings set forth below or in a *coverage part*.

Throughout the *coverage agreement*, *you* and *your* refer to the *covered entity*. *We* and *us* refer to AHRP.

1. *Additional Covered Party* means any person, organization, trustee or estate that is specifically endorsed to this *coverage agreement* and to whom or to which the *covered entity* is obligated by virtue of a written agreement to provide coverage as is afforded by this *coverage agreement*, but only with respect to operations performed by or on behalf of the *covered entity* or to facilities used by the *covered entity*. The limit and scope of coverage afforded by endorsement to this *coverage agreement* shall be no broader than that which is required by such agreement and shall in no event be broader than the coverage afforded by the written endorsement under this *coverage agreement*.
2. *Amendment* means any written endorsement that alters coverage terms as described in this *coverage agreement*.
3. *Automobile* means a land motor vehicle or trailer or semi-trailer designed and licensed for travel on public roads or subject to motor vehicle registration.
4. *Coverage agreement* means the entire *coverage agreement* issued for the *coverage period* shown on the *Information Pages*.
5. *Coverage part* means the section of the *coverage agreement* setting forth the terms, definitions, conditions, and limitations of indemnification for the risk described. *Coverage part* may also refer to an extension of coverage or additional coverage within a *coverage part*.
6. *Covered entity* means the entity identified in the *Information Pages* as the party to whom the *coverage agreement* is issued.
7. *Covered location* means a location which is owned by, leased by or in which a *covered entity* has an insurable interest and which is covered by this *coverage agreement* by having been revealed in writing to *us* and been subjected to the appropriate premium charge.
8. *Covered party* means:
  - a. *You*, as the *covered entity*;
  - b. *Your employees*, elected or appointed officials and authorized volunteers while acting for *you* or on *your* behalf, including all commissions, agencies, boards, authorities, or similar entities which operate under *your* supervision or control but only for acts within the scope of their employment by *you* or when performing duties related to the conduct of *your* business;
  - c. The operator of a *non-owned automobile or hired automobile* while it is being used on official business of the *covered entity*, if the Automobile Liability coverage is purchased;
  - d. *Your real estate manager* but not for *tenant discrimination* claims; and
  - e. A *covered party's* spouse if a claim is made against that spouse solely because of such spousal status or because of such spouse's ownership

interest in property or assets that are sought as recovery from the *covered party*, but not for any claim or liability arising out of the spouse's independent conduct or acts.

9. *Defense costs* means all fees and expenses caused by and relating to the adjustment, investigation, defense or litigation of a claim or *suit* including attorney's fees, court costs and interest on judgments accruing after entry of judgment. Defense costs shall not include *our* or *your* office expenses or salaries of employees.

10. *Employee* means:

- a. Any person while in *your* service, whom *you* compensate directly by salary or wages, and whom *you* have the right to direct and control while performing services for *you*; or
- b. Any person employed by an employee leasing company while subject to your direction and control and performing services for *you* (this excludes any such person having care and custody of property outside the covered location); or
- c. Volunteers while performing services for *you* under your direction and control.

*Employee* does not mean any:

- a. Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- b. Director or commissioner except while acting, in good faith, in his/her official capacity as an agent of the *covered entity*.

11. *Information Pages* means the *Information Pages* attached to and incorporated into this *coverage agreement*, setting forth the specifics of the coverages, limits, deductibles, contributions and special provisions elected by the *covered entity*, including any modifications made by issuance of any amendatory *Information Pages* or endorsements as well as schedules of covered locations, contents, and rents at renewal.

12. *Suit* means a civil proceeding in which damages because of *bodily injury, property damage, personal injury* or *tenant discrimination* to which this coverage applies are alleged. *Suit* includes an arbitration or mediation proceeding, conducted subsequent to the filing of the lawsuit, to which *you* must submit because of a law, regulation or other governmental authority, but does not include arbitration proceedings required under a collective bargaining agreement or other contract.

## GENERAL CONDITIONS

The following General Conditions apply to all *coverage parts* included in this *coverage agreement*.

### A. Representations

By accepting this *coverage agreement*, *you* agree:

1. The data that *you* provided and the representations *you* made, which we used to complete the *Information Pages*, are accurate and complete; and
2. *We* have issued this *coverage agreement* in reliance upon *your* representations.

### B. Concealment, Misrepresentation or Fraud

This *coverage agreement* is void in any case of fraud by *you*, or collusion by *you* or any other person, as it relates to this *coverage agreement* at any time. It is also void if *you* or any other person at any time intentionally conceal or misrepresent a material fact concerning:

1. Any *coverage part*;
2. The *covered property*;
3. Your interest in the *covered property*; or
4. A claim under this *coverage agreement*.

### C. Minimum Term of Participation, Termination and Term for Reapplication

1. Each *covered entity* agrees to remain in AHRP for a period of not less than three (3) years, beginning on the date upon which the Coverage Terms first became effective. A *covered entity* may terminate its membership in AHRP at any time after such three-year period has expired upon giving 90 days prior written notice of termination of participation and providing the effective

date of cancellation. Once participation in AHRP is terminated, the *covered entity* cannot re-apply for coverage for a period of three years from the date of withdrawal and must conform to the underwriting criteria that is currently in place at the time of re-application. The member may not be double covered with the coverage afforded by AHRP and any other insurance. If double covered, AHRP will be the secondary payor to the other insurer.

2. *We* may cancel this *coverage agreement* or any coverage part by mailing or delivering to the *covered entity* written notice of cancellation or nonrenewal at least ten (10) days before the effective date of cancellation if *we* cancel for nonpayment of premium, or sixty (60) days before the effective date of cancellation if *we* cancel for any other reason.

a. A *coverage agreement* will not be cancelled under this Section 2 except in the case of (i) nonpayment of the required contribution or premium, (ii) specific and validated loss frequency that exceeds risk pool models, (iii) rapid change or deterioration of the *covered entity's* management or administration, or (iv) a finding after review that required underwriting criteria, such as contractual risk transfer, is inadequate to protect the solvency of the pool.

3. *We* will mail or deliver our notice to the *covered entity's* address shown on the information page of the *coverage agreement*.

4. Notice of cancellation will state the effective date of cancellation. If the entire *coverage agreement* is canceled, that effective

date will become the end of the *coverage period*. If a *coverage part* is canceled, that effective date will become the end of the *coverage period* as respects that *coverage part* only. Coverage for tenant discrimination does not extend beyond the cancellation date.

5. If this *coverage agreement* or any *coverage part* is canceled, by *you* or *us*, any premium refund due will be made on a pro rata basis. The cancellation will be effective even if *we* have not made or offered a refund.

6. If notice is mailed, proof of mailing obtained from the U.S. Postal Service will be sufficient proof of notice.

7. The *covered entity* has the ability to appeal the cancellation decision to the Board of Directors, either in person at the next scheduled meeting if the timing of the Board meeting is appropriate, or by telephone conference initiated by *us*

#### **D. Changes**

This *coverage agreement* and its *coverage parts* contain all the agreements between *you* and *us* concerning the coverages afforded. This *coverage agreement's* terms can be amended or waived only by endorsement issued by *us* as part of this *coverage agreement*, in accordance with principles of contract law, or by amendment of this *coverage agreement*.

#### **E. Examination of Your Books and Records**

*We* may examine and inspect *your* books and records as they relate to this *coverage agreement* and *your* premiums at any time during the *coverage period* and up to three (3) years afterward.

#### **F. Inspections and Surveys**

*We* have the right but are not obligated to:

1. Make inspections and site visits at any time;
2. Give *you* reports on the conditions *we* find; and
3. Recommend changes and impose additional coverage conditions in accordance with the applicable section(s) of the covered entity's operating agreement.

Any inspections, site visits, reports or recommendations relate only to *our* providing *you* with *coverage* and the premiums to be charged. *We* do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. *We* do not warrant that conditions are safe or healthful, or comply with laws, regulations, codes or standards.

This condition applies not only to *us*, but also to any consultants or similar persons or organizations which makes inspections, site visits, reports or recommendations on *our* behalf.

#### **G. Premiums**

The *covered entity* shown in the Information Pages:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums *we* pay.

*We* compute all premiums for this *coverage agreement* in accordance with *our* rules, rates, rating plans, premiums and minimum premiums in effect at the time the *coverage agreement* is issued. At the close of each *coverage period we*

have the right to recompute the premiums. This may produce an additional or return premium. The *covered entity* must keep and provide to *us* the records *we* need for premium computation at each anniversary. On each renewal, continuation or anniversary of the effective date of this *coverage agreement*, *we* will compute the premium in accordance with our rates and rules then in effect.

#### **H. Transfer of Your Rights and Duties Under this Coverage Agreement**

*Your* rights and duties under this *coverage agreement* may not be transferred without *our* consent, which may be granted or withheld in *our* sole discretion.

#### **I. Bankruptcy**

Bankruptcy or insolvency of the *covered entity* will not relieve *us* of *our* obligations under this *coverage agreement*.

#### **J. Duties in the Event of Occurrence, Claim, Suit or Loss**

1. *You* must see to it that *we* are notified as soon as the facts are known to *you* (but in no event more than 30 days thereafter) of an *occurrence*, accident or an incident which may result in a claim or *suit*, or which has resulted in a loss of *your* property. To the extent possible, notice should be made on the AHRP "Notice of Claim or Incident Form" and include:

- a. How, when and where the *occurrence*, accident or incident took place;
- b. The names and addresses of any injured persons and witnesses; and

- c. The nature and location of any injury or damage arising out of the *occurrence*, accident or incident.

2. If a *claim* is made or *suit* is brought against any *covered party*, *you* must:

- a. Immediately record the specifics of the claim or *suit* and the date received; and
- b. Notify *us* as soon as the facts are known to *you*.

*You* must see to it that *we* receive written notice of the claim or *suit* as soon as possible following *your* receipt of such documents, so that *our* right to investigate the claim and appoint counsel is not jeopardized.

3. *You* and any other *covered party* must:

- a. Immediately send *us* copies of any demands, notices, summonses or legal papers received in connection with the claim or *suit*;
- b. Authorize *us* to obtain records, property samples, property inventories and other necessary information;
- c. Cooperate with *us* in the investigation, settlement or defense of the claim or *suit*;
- d. Assist *us*, upon *our* request, in the enforcement of any right against any person or organization which may be liable to *you* because of injury or damage to which this *coverage agreement* may apply;
- e. Submit to examinations under oath upon *our* request and give *us* a signed statement of *your*



answers and a description of the loss; and

- f. Resume all or part of the *covered entity's* operations as quickly as possible.
4. No *covered party* will, except at its own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without *our* written consent.
5. *You must* notify the police if any laws have been broken.
6. *You must* take reasonable steps to protect *your* property or any evidence and save it for *our* examination.
7. *You must* provide a sworn statement of loss on *your* damaged property claim within sixty (60) days of *our* request and one hundred twenty (120) days following notice of a Crime claim.

**K. Legal Action Against Us**

No person or organization has a right under this *coverage agreement*:

1. To join *us* as a party or otherwise bring *us* into a *suit* asking for damages from a *covered party*; or
2. To sue *us* on any *coverage* part unless all terms and conditions of this *coverage agreement* and the operating agreement currently in effect have been fully complied with.

A person or organization may sue *us* to recover on an agreed settlement or on a final judgment against a *covered party* obtained after an actual trial; but *we* will not be liable for damages that are not payable under the terms of this *coverage agreement* or that are in excess of the applicable limit of liability or that are not permitted under the operating agreement with the *covered entity*. An

agreed settlement means a settlement and release of liability signed by *us*, the *covered party* and the claimant or the claimant's legal representative.

**L. Other Coverage**

If collectible coverage is available to the covered party for a loss *we* cover, *our* obligations are limited as follows:

1. Primary Coverage

This *coverage agreement* is primary except when item 2. below applies. When this *coverage agreement* is primary, *our* obligations are not affected unless there is other self-insurance/insurance which is also primary. Then, *we* will share loss payments with that self-insurance/insurance by the method described in item 3. below.

2. Excess Coverage

This coverage is excess and shall not contribute to claims or *suits* where the *covered party* is named as an additional insured by agreement making such coverage primary coverage in accordance with an endorsement to the other party's insurance policy. This provision is applicable to all insurance:

- a. That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for *your* work, or is for covered locations rented to *you*;
- b. That is Commercial General Liability (or equivalent coverage) available to *you* as a Named Insured or Insured (including additional insured);
- c. That is coverage for non-owned automobiles and owned trailers attached to non-owned automobiles.

When this *coverage agreement* is in excess, *we* will pay only *our* share of the amount of the loss, if any, that exceeds the sum of:

- a. The total amount that all other self-insurance/insurance would pay for the loss in the absence of this coverage agreement; and
- b. The total of all deductible and retained amounts under all other self-insurance/insurance in the absence of this *coverage agreement*.

*We* will share the remaining loss, if any, with any self-insurance/insurance that is not described in this Excess coverage provision and was not bought specifically to apply in excess of the limits shown in the *Information Pages* of this *coverage agreement*. Our obligation shall not exceed the limits of liability shown on the *Information Pages*.

### 3. Method of Sharing

If all self-insurance/insurance permits contribution by equal shares, *we* will follow this method also. Under this approach, each insurer/self-insurer and *we* contribute equal amounts until each has paid its applicable limit or none of the loss remains, whichever comes first.

If any self-insurance/insurance does not permit contribution by equal shares, *we* will contribute by limits. Under this method, each insurer's/self-insurer's share and *our* share is based on the ratio of the applicable limit for each insurer/self-insurer and *us* to the total applicable limits available from all insurers/self-insurers and *us*.

## M. Separation of Covered Parties

Except with respect to the limits of liability and any rights or duties specifically assigned in the *coverage agreement* to the member authority, the General Liability *coverage part* applies separately to each *covered party* against whom claim is made or suit is brought.

## N. Transfer of Rights of Recovery Against Others to Us

If the *covered party* has rights to recover all or part of any payment we have made under this *coverage agreement*, those rights are transferred to *us*. The *covered party* must do nothing after loss to impair them. At our request, the *covered party* will bring suit or transfer those rights to *us* and help *us* enforce them.

## O. Arbitration

If an irreconcilable difference of opinion should arise concerning the coverage or exclusions contained in this *coverage agreement*, the difference shall be resolved by submission of the issue to arbitration.

Any decision to invoke this arbitration provision shall be made in writing to *us* within sixty (60) days after notification to the *covered entity* of the decision that is in dispute. Failure to do so shall constitute an acceptance by the member of *our* decision, which is binding on the *covered entity* and is conclusive and not rebuttable.

The arbitrators shall be executive directors of AHRP *covered entities* that are not directly related to the issues in dispute.

For purposes of this Arbitration provision, matters involving an amount in dispute of \$25,000 or less shall be considered a minor claim. Those involving an amount in excess of

\$25,000 shall be considered a major claim.

A minor claim shall be submitted to a single Arbitrator agreed upon by *you* and *us*. In the event the parties cannot agree upon an Arbitrator, one shall be chosen by lot. In the event of a major claim *you* shall select one Arbitrator, *we* shall select one Arbitrator and the two Arbitrators shall select a third. In the event the two Arbitrators cannot agree the third shall be chosen by lot.

Arbitration proceedings under this *coverage agreement* may be consolidated with other arbitration proceedings or disputes concerning other *covered entities* if the disputes arise out of the same factual situation or involve the same *coverage agreement* provisions. Consolidation will be by order of the Arbitrator(s) or by request of the Arbitrator(s) or by request of *us* if the Arbitrator(s) conclude that the disputes should be consolidated. Arbitrator(s) for such consolidated proceedings shall be chosen by lot from among the Arbitrator(s) chosen for the individual proceedings.

Discovery proceedings of the type provided by the laws of the state in which the arbitration is held may be permitted at the discretion of the Arbitrator (s). Each party shall be given the same rights to discovery. Any disputes relating to such discovery shall be resolved by the Arbitrator(s).

For both minor and major claims, the Arbitrator(s) shall receive written statements from *you* and *us* outlining the facts. Procedures for the conduct of the arbitration will be established at the sole discretion of the Arbitrator(s) and shall be in accordance with all applicable laws of the state in which the proceedings are conducted.

Any award, order or judgment of a majority of the Arbitrators (or the single Arbitrator for a minor claim) shall be deemed final and will be binding upon both *you* and *us*, and may be entered and enforced in any state or federal court of competent jurisdiction. Each party agrees to submit to the jurisdiction of any such court for purposes of the enforcement of any such award, order or judgment.

All arbitrations shall occur within the state in which the *covered entity(ies)* involved in the controversy is/are located. If the member authorities are located in two or more states, the arbitration will occur in the vicinity of Portland, Oregon.

Each party will be responsible for the costs of preparing and presenting its case. All costs of the Arbitration including expenses of the Arbitrators shall be paid equally by *you* and *us*. No compensation will be paid to the Arbitrators or their employing authorities.

The Arbitrator(s) shall not render a decision which is in violation of any law or public policy.

**P. Mistake in Description**

The coverage afforded by this *coverage agreement* shall not be invalidated or otherwise affected by any error or mistake in the descriptions of *covered locations* or other items mentioned in this *coverage agreement*, unless such error or mistake materially prejudices *your* or *our* interests.

**Q. Coverage Extensions**

Unless stated otherwise in the *coverage agreement*, *our* liability under any coverage extension is part of, not in addition to, the limit applying to the *coverage* or *coverage part*.

**R. Coverage Period**

1. The *coverage period* is shown in the *Information Pages*.
2. We will pay only for loss that you sustain through acts committed or events occurring during the *coverage period*.

**S. Non-Accumulation of Limits of Liability**

Regardless of the number of years this *coverage agreement* remains in force or the number of premiums paid, no limit of liability accumulates from year to year or period to period.

**T. Ownership of Property; Interests Covered**

The property covered under the Property *coverage part* is limited to property that *you* own or hold or for which *you* are legally liable.

This coverage is for *your* benefit only. It provides no rights or benefits to any other person or organization.

**U. Records**

*You* must keep records of all covered property so *we* can verify the amount of any loss.

**V. Recoveries**

1. Any recoveries, less the cost of obtaining them, made after settlement of

a covered loss will be distributed as follows:

- a. To *you*, until *you* are reimbursed for any covered loss that *you* sustain that exceeds the limit of liability and any applicable deductible;
- b. Then to *us*, until *we* are reimbursed for the settlement made;
- c. Then to *you*, until *you* are reimbursed for that part of the loss equal to the Deductible and any uncovered loss, if any.

2. Recoveries do not include any amounts received from insurance, suretyship, reinsurance, security or indemnity taken for *our* benefit, or original securities after duplicates of them have been issued.

**W. Transfer of Ownership**

Any property that *we* pay for or replace becomes *our* property. *We* reserve the right to retain any property as salvage that *we* pay for and is actually replaced.

**X. Limit of Liability**

*Our* total limit of liability is limited to *our* cash, investments and tangible assets (including reinsurance and excess insurance recoveries).

## GENERAL EXCLUSIONS

These exclusions and those in the *coverage parts* forming this *coverage agreement* restrict or eliminate coverage. *You* should read and be familiar with them so that *you* can make alternative provisions for coverage or take steps to minimize or eliminate risk.

The exclusions set forth below apply to all *coverage parts*. There is no coverage for any actual or alleged liability for loss or damage of any kind or nature, including but not limited to damage to property, *bodily injury, property damage, personal injury* and *tenant discrimination*, regardless of any otherwise covered cause, event, or peril contributing concurrently or in any other sequence to the loss or damage, arising out of or in connection with the following:

**A. Internet and Electronic Data  
Loss and Liability**

1. Content on the Internet, including but not limited to actual or alleged liability arising from exposure or access to the content.
2. Complete or substantial failure, disablement or shutdown of the Internet, regardless of cause.
3. The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data, regardless of cause, except as provided in the *Property coverage part* for restoration of valuable papers.
4. The release of electronic data containing protected health information or confidential information.
5. Violation of a person's right to privacy or any other harm allegedly resulting from the release of information stored by the *covered entity* relating to a person's health, disability, or finances, including but not limited to social security information.

*Electronic data* means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software including systems and applications software), hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any

other media which are used with electronically controlled equipment.

**B. Abuse**

1. The actual or threatened abuse or molestation by anyone of any person.
2. The negligent employment, investigation, supervision, or retention of a person whose conduct would be excluded by 1. above.
3. Reporting or failing to report to the proper authorities a person whose conduct would be excluded by 1. above.

This exclusion does not apply to allegations based solely on the vicarious liability of the *covered entity*.

**C. Pollution**

1. Any *bodily injury, property damage*, or direct physical loss or damage to any property, which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape or presence of *pollutants* at any time at or from any premises owned by, operated by, or managed by any *covered entity*.
2. Loss, cost or expense arising out of any:
  - a. Request, demand, order or statutory or regulatory requirement that any person or

entity test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of *pollutants*;

- b. Removal of any property or waste, whether or not required by order, regulation, or statute, necessary because of exposure to *pollutants*; or
  - c. Claim or *suit* by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, *pollutants*.
3. The exclusion applies regardless of whether:
- a. The person or entity is regularly or otherwise engaged in activities which taint or degrade the environment; or
  - b. The person or entity uses, generates or produces the *pollutant*.
4. The exclusion does not apply to smoke damage or injury from a hostile fire.

*Pollutants* mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, petroleum, petroleum products and petroleum by-products, and waste. Waste includes materials to be recycled, reconditioned or reclaimed. *Pollutants* include but are not limited to, that which have been recognized in industry or government to be harmful or toxic to persons, property or the environment, regardless of whether the injury, damage, or contamination is caused directly or indirectly by the *pollutants*.

**D. Fungus, Mold, Dry or Wet Rot**

The presence, growth, proliferation, spread or any activity of mold, *fungus*, wet or dry rot or bacteria.

*Fungus* means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents, residue or by-products produced or released by fungi.

**E. Asbestos and Lead**

To the extent not included in the Pollution exclusion set forth above, the presence or effects of asbestos and asbestos products in any form or substance, and the presence or effect of lead in any form or substance.

**F. Construction Defects and Supervision**

1. The preparation of plans, specifications, drawings, maps, change orders, opinions or designs by any person or entity;
2. The testing for or protection from soil erosion or subsidence, ground water, wet or dry rot by any person or entity;
3. Work or material used in the construction, renovation, repair of any building, structure, or project by any person or entity; or
4. The retention or supervision of any project, person or entity connected in any way to design, testing, renovation, repair, or construction of any building, structure, or project.

**G. Bankruptcy**

The *covered entity's* bankruptcy, insolvency, receivership, liquidation or inability of any *covered party* to pay its debts or liabilities or to perform its obligations.

**H. Terrorism**

Subject to the existence of any applicable endorsement(s), an act or acts of *terrorism*.

For purposes of this exclusion, *terrorism* shall mean any act(s), attempt(s) or threat(s), as declared by any authorized governmental official, intended to endanger human life or health, tangible or intangible property or infrastructure, or to intimidate, disrupt or coerce a government or a unit of government, business or commercial enterprise, the public, or any segment thereof, in furtherance of political, religious, ideological or social objectives.

**I. War**

1. War, including undeclared or civil war;
2. Warlike action by a military force including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
3. Insurrection, rebellion or revolution, or any similar act or incident.

**J. Nuclear Material**

1. The release of any radioactive, or toxic materials from the operation of any nuclear reactor or from any structure or premises used for the storage of nuclear waste;
2. The release of any radioactive, toxic or explosive material from any nuclear weapon; or
3. Any exposure to radiation, radioactive contamination, or the hazardous properties of nuclear material, which means secure material, special nuclear material or by-product material all as

defined in the Atomic Energy Act of 1954 and its amendments.

**K. Class Actions**

Class actions or similar representative lawsuits.

**L. Flood Insurance**

The failure to comply with, attempt to comply with, or compliance with the provisions of the National Flood Insurance Act of 1968 as amended or any similar federal, state or local laws.

**M. Debt Financing and Tax Credits**

Debt financing and equity financing, including but not limited to bonds, notes, debentures, tax credit partnerships, including recapture of tax credits and guarantee of debt.

**N. Non-Monetary Damages**

Relief or redress sought in any form other than monetary damages, including but not limited to claims for injunctive relief, declaratory judgment, and writ of mandamus.

**O. Punitive Damages**

Fines, penalties, punitive damages, multiple damages, exemplary or similar damages.

**P. Inadequate Insurance or Coverage**

The alleged failure of any *covered party* acting in the capacity of general partner, a property manager, or in any other capacity, of another entity, or as a member of the management or governing body of any other entity to secure and/or maintain adequate insurance or coverage for the properties and operations of such entities.

**Q. Willful Violation of Statute**

The willful violation of a statute or ordinance committed by or with the consent of the *covered party*.

**R. Fraudulent or Dishonest Acts**

The fraudulent or dishonest acts or omissions of the *covered party*.

**S. Wrongful Profit or Advantage**

Allegations that a *covered party* has gained any profit or advantage to which the *covered party* was not entitled. However, any fact pertaining to one *covered party* shall not be imputed to another *covered party* for purposes of determining the application of this exclusion.

**T. Public Safety and Security Personnel**

Any act or omission of a public safety department, law enforcement agency (including agents and employees thereof) or armed security personnel.

**U. Governmental Seizure of Property**

Seizure or destruction of property by order of a governmental authority.

**V. Violation of RICO Statute**

Violation of the Racketeer Influenced and Corrupt Organization Act, 18 USC Sections 1961 et seq., and any amendments thereto.



## PROPERTY COVERAGE

This *coverage part* applies to direct physical loss of or damage to *covered property*, which includes *your* buildings, structures, *contents* and personal property listed in Item 3 of the *Information Pages* and for which values are reported to *us*, and includes the property listed below, except as otherwise excluded. Coverage under this *coverage part* is subject to applicable deductibles.

### A. Covered Property

The interest of the *covered entity* in all buildings and structures listed in Item 3 of the *Information Pages* and in all *contents* and personal property owned, used or intended for use by the *covered entity*, on a given site or in the open within 500 feet thereof, owned by the *covered entity* or in which the *covered entity* has an insurable interest or which the *covered entity* is under obligation to insure, and includes:

1. Improvements and betterments introduced by the *covered entity* to buildings not owned by the *covered entity*. In the event of loss or damage, the *covered entity* shall be treated as sole and unconditional owner of improvements and betterments, notwithstanding any agreement or lease to the contrary.
2. Trailers, riding mowers, towed equipment, golf carts and vehicles not licensed for travel on public roads, when such items are included in the "Contents Value" of the location where they are most often used or stored. Loss will be settled on an *actual cash value* basis.
3. All supplies, tools, and permanent fixtures pertaining to the services of the building.

### B. Extensions of Coverage

1. The expense of removing debris from *covered property* which originates from a covered peril causing damage therein. There is no coverage for the expense of

removing or containing contaminated property. Contamination is a pollutant. There is coverage for the cost of complying with any law, ordinance or order of civil authority regarding the removal or disposal of *covered property* at a *covered location* unless otherwise excluded. In no event shall payment for debris removal exceed 25% of the amount of the direct physical loss to covered property at the *covered location* as a result of any one loss.

2. Your *covered property* that has been temporarily removed from a *covered location* for the purpose of being repaired, serviced, exhibited, or to avoid threatened damage from any peril covered by this *coverage part*. This does not include property otherwise covered or insured, property excluded under this *coverage part* or property removed from a *covered location* for normal storage.

Loss under this clause is limited to an amount not exceeding \$50,000, or the declared amount of the property, whichever is smaller, for a period of sixty (60) days from the date of removal.

3. The premium paid by the qualified low bidder for any faithful performance or bid bond required by law or regulation that is applicable to the work required to restore the *covered entity's covered property* to full use and occupancy.

4. The interest of the *covered entity* in the buildings and personal property of others in the *covered entity's* care, custody or control or the *covered entity's* liability imposed by law or assumed by agreement, for such property, except for *automobiles*.
5. Personal property, other than *automobiles* and their *contents*, of the *covered entity's* officials and *employees* while on the premises of the *covered entity*, provided values do not exceed \$250 per *employee* and are substantiated following a reported loss.
6. Subject to Excluded Cause of Loss 6, the cost to replace or restore valuable papers and records, which means assembled information relating to the *covered entity's* operations and is contained in written, printed, or otherwise inscribed documents or as electronic data, and for which duplicates do not exist. This coverage is in an amount not to exceed \$10,000 and applies to damage or destruction resulting from *specified perils*.
7. The reproduction or replacement of software or licensed programs damaged or destroyed by *specified perils*, limited to \$50,000.
8. Personal property in transit within and between the territorial limits of this *coverage agreement* including coastal waters, by any means of conveyance. Liability under this transit clause is limited to \$10,000.
9. Loss or damage to outdoor fences, retaining walls, towers and antennas, signs, trees, shrubs, and plants caused by *specified perils*. The limit of this coverage is \$10,000 (no single tree, shrub or plant in excess of \$250) per loss and valuation will be *actual cash value*.

10. Loss or damage to covered property rented, leased, or occupied by you, or that is in your care, custody or control, resulting from a covered cause of loss. This coverage does not apply to property *you* own and payment will be adjusted for the account of the property owner. This coverage is limited to \$100,000 per loss. (Fire/Tenant Legal)

## C. Additional Coverages

### 1. Towed and Mobile Equipment

This *coverage part* covers loss or damage to the *covered entity's* *towed and mobile equipment* resulting from a covered peril for the *actual cash value* reported to us. A *covered entity's* *towed and mobile equipment* shall include equipment, spare and repair parts and accessories. Coverage is extended to include borrowed or rented or newly purchased equipment up to the lesser of \$50,000 per loss or *actual cash value*.

This coverage does not include:

- a. Loss of use or consequential loss of any kind;
- b. Loss or damage to property while waterborne except while in transit by public carriers for hire;
- c. Loss or damage resulting from unauthorized use;
- d. Loss or damage to property which the *covered entity* has loaned, rented, hired or leased to others; or
- e. Unexplained or mysterious disappearance or shortage disclosed upon taking inventory.

### 2. Rental Income Coverage

This *coverage part* covers loss of rents sustained by the *covered entity* if the premises listed on the current schedule become untenable because of damage

to or destruction of the premises resulting from a covered peril.

The actual amount of Rental Income coverage for which we are liable is the verified reduction of rental income from dwelling units directly affected by the damage to or destruction of the *covered premises*, reduced by charges and expenses which do not continue during the period of untenability. The period of untenability commences on the date of damage or destruction of the premises and continues for only such length of time as would be required, with the exercise of due diligence, to repair, rebuild or replace such parts of the premises which have been damaged or destroyed. Any subsequent vacancy due to rental market conditions or other circumstances will not be included in calculating rental income losses.

Our maximum rental income loss for the partial or total destruction of a covered property shall be that amount listed for such property on the current "Schedule/Rental Income" form.

a. Period of Recovery

The period of time for which loss may be claimed shall not exceed the period of time required, with the exercise of due diligence and dispatch, to rebuild, repair, or replace the part of the property destroyed, or damaged. The period of time, in case of disagreement, shall be determined by arbitration in the manner set forth in the General Conditions.

This period of time is limited by the date of expiration stated in the *Information Pages* unless this Rental Income coverage is renewed at that time. The period of time for which loss may be claimed shall not include any increase in repair time due to interference at the *covered entity's* premises by strikers or other unauthorized persons with

rebuilding, repairing or replacing the property, or with the resumption or continuation of business, or with the reoccupancy of the premises; nor for any loss occurring to property in transit off premises.

This coverage does not cover loss of rents with respect to any period during which the *covered entity's* property could not have been rented had no fire or other peril covered herein occurred.

b. Interruption by Civil or Military Authority

This coverage is extended to include the loss sustained during a period of time (not exceeding two weeks) when, as a direct result of a covered peril, access to buildings and personal property is prohibited by order of civil or military authority.

c. Ingress/Egress

This coverage is extended to include loss sustained during the period of time (not exceeding two weeks), when as a direct result of a covered peril, reasonable ingress to or egress from the *covered entity's* premises is thereby prevented.

d. Non-Owned Adjacent Property

This coverage is extended to include loss (not exceeding two weeks) resulting from physical damage to non-owned adjacent property which renders the *covered entity's* property untenable. All deductibles are waived for this provision.

**3. Fire Department Charges and Extinguishing Expenses**

If *covered property* is destroyed or damaged by a covered peril, this *coverage part* shall cover any fire

department charges and other fire extinguishing expenses for which the *covered entity* may be assessed. This does not include the cost to recharge or replace a fire extinguishing system.

This *coverage* applies to fire department charges that are assessed upon a “per response” basis, not any annual assessment.

#### **4. Demolition and Increased Cost of Construction**

In the event a covered loss is affected by any law or ordinance which regulates the demolition, construction or repair of damaged units or common areas, *we* shall be liable for:

- a. The cost of demolishing the undamaged building, required by such regulations, including the cost of clearing the site;
- b. The increased cost of repair or reconstruction of the damaged units or common areas of the building on the same site, limited to the minimum requirements of any law or ordinance regulating the repair or reconstruction of the damaged property with like material, quality, size and style and for like occupancy and use on the same property. *We* shall not be liable, however, for any increased cost of construction, unless the damaged unit(s) is/are actually rebuilt or replaced; nor shall *we* be responsible for the cost of betterments not required by law or ordinance. *We* shall not be responsible for additional costs attributable to providing additional required parking spaces or for services not previously provided at the covered location.

- c. Our total liability for the entire property loss shall not exceed 125% of the reported value of the damaged building(s). In a multi-building development, *our* liability extends to 125% of the reported value of each of the buildings in the development. If a *covered entity* is alerted that a location’s value appears inadequate, then the *covered entity* must increase its agreed value, produce a valuation report justifying the reported value or accept no more than 100% of the reported value in coverage.

#### **5. Expediting Expense**

This *coverage part* covers the reasonable extra cost of temporary repair and of expediting the repair of damaged property covered hereunder, including overtime and express freight or other rapid means of transportation, where such is necessary and approved in writing by us. This *coverage part* covers the extra expenses associated with the loss to a *covered entity’s* administration office and temporary costs, such as housing, furnishings, data and phone systems, relocation and storage of materials, up to a limit of \$100,000 per covered event.

#### **6. Consequential Loss**

This *coverage part* covers consequential loss to *covered property* suffered by the *covered entity*. Consequential loss as referred to in this *coverage part* means loss caused by change of temperature or humidity within a covered location caused by interruption of power, heat, air conditioning, or refrigeration as a result of damage to property covered hereunder or property of others in the care, custody or control of the *covered entity*.

## D. Definitions

Words and phrases in italicized print in this *coverage part* have the meaning set forth below or in the General Definitions part.

1. *Actual cash value* means the cost to replace or repair damaged property, less depreciation, and shall be the lesser of:
  - a. The cost of repair; or
  - b. The cost to replace with like kind and quality.
2. *Computers and related equipment* means electronic data processing equipment and components, connections, extension, peripherals and systems, owned by, leased to or under the control of the *covered entity*.
3. *Contents* means personal property or covered property (including improvements or betterments to real property) that is owned, used by or intended for use by the *covered entity* while at a *covered location* or while in or upon a *covered automobile*.
4. *Covered property* means structures, *contents* or other personal property to which this *coverage part* applies, and to which its description and values have been reported to us as listed on Item 3 of the *Information Pages*.
5. *Data* means all information stored on *media* devices which is used in the operation of the *covered entity's* housing and/or community development programs and data processing.
6. *Media* means all material (except paper) on which data is recorded and includes magnetic tapes, disk packs, *data* storage devices, and program devices for *computers and related equipment*.
7. *Motorized vehicle* means a self-propelled vehicle having a place for an on-board operator including but not

limited to riding lawn mowers, tractors and golf carts.

8. *Other structures* refers to incidental structures providing support services to *covered property*, including but not limited to detached garages, carports, and laundry facilities, trash bin enclosures, storage sheds, well houses, and septic enclosures.
9. *Replacement cost* means the least of the following:
  - a. The cost to repair; or
  - b. The cost to rebuild or replace, on the same size foundation, with new materials of equivalent size, kind, and quality.

For buildings or structures, machinery, fixtures, and equipment, *replacement cost means* the actual expenditure incurred in repairing, rebuilding, or replacing the damaged or destroyed property on the same or another site, but not to exceed the size and operating capacity that existed at the time of loss.

For all other property: the amount actually expended to replace.

If repairs to damaged property are not commenced within six months and are not substantially completed (substantially completed means that the damaged unit(s) is/are within four weeks of receiving the final inspection of the local building inspector) within twelve months of the date of loss the basis of payment shall be the *actual cash value*. The time limit can be extended with *our* written authorization upon the showing of extenuating circumstances.
10. *Specified perils* means fire, lightning, wind, hail, aircraft, vehicles, discharge

from fire protective or building service equipment, explosion, riot, or civil commotion.

11. *Towed and mobile equipment* means equipment primarily used for construction, repair or maintenance of *covered property* whether or not subject to licensing under state motor vehicle laws. Mobile equipment shall not include janitorial or interior building maintenance or similar equipment.

**E. Property Not Covered Under this Coverage Part**

1. *Money and securities.*
2. Accounts, accounts receivable or other evidence of debt.
3. *Automobiles.*
4. Foundations, footings, underground pipes, flues, drains, utilities (of any kind), or underground storage tanks.
5. Land, including water or any other substance on, dams, passageways, or bridges used by public vehicular traffic, docks, and piers except as specifically scheduled and included in this coverage.
6. Contraband or property in the course of illegal transportation or trade.
7. Property owned by or in the care, custody, or control of tenants.

**F. Excluded Causes of Loss**

1. Loss or damage, including the cost of improving, correcting or making repairs to *covered property* when the loss or damage results from defective design or specifications, or from faulty material, workmanship, or maintenance.
2. Loss or damage caused by or resulting from hidden defects, ordinary wear and

tear, gradual deterioration, inherent defects or loss or damage caused by vermin or insects unless loss or damage by a *specified peril* follows and then this *coverage part* shall cover only those ensuing losses or damages.

3. Loss or damage caused by or resulting from settling, subsidence, cracking, shrinking, bulging or expansion of pavements, roadways, sidewalks, patios, foundations, walls, roofs, floors and ceilings. This exclusion does not apply to loss or damage resulting from collapse of a building, structure or material part thereof if such collapse is caused by the weight of accumulated snow or ice or results from a covered loss, but this exception does not apply to costs, loss or damage for improving on or correcting defects in materials, workmanship or faulty design. The word "collapse" as used herein means the caving in or falling inward or outward of the building or structure or material part thereof.
4. Loss of use, damage or deterioration due to delay or to legal proceedings.
5. Loss or damage to electrical appliances (except computers, related equipment, and media devices), fixtures or wiring, caused by or resulting from artificially generated current, unless fire or other *specified peril* ensues and then only for the actual loss or damage caused by fire or other ensuing *specified peril* or losses covered by supplemental equipment breakdown policies purchased from a commercial insurance carrier.
6. Loss resulting from the inability to replace or reconstruct valuable papers and records; loss to electronic data processing media due to electrical or magnetic injury the cause of which originated 100 feet or more from the covered location, except if caused by lightning; loss directly resulting from

errors or omissions in processing or copying media unless fire or explosion follows and then only for direct loss caused by such ensuing fire or explosion; loss caused by a computer virus in any of its forms.

7. Loss or damage from mechanical breakdown unless loss or damage from a *specified peril* covered herein ensues or such loss is covered by supplemental equipment breakdown policies purchased from a commercial insurance carrier, and then this coverage shall cover only the ensuing loss or damage.
8. Loss or damage from explosion, rupture or bursting of high pressure steam boilers, steam pipes, steam turbines or steam engines owned or operated by the *covered entity* unless loss or damage from a *specified peril* covered herein follows or such loss is covered by applicable policies purchased from a commercial insurance carrier and then this coverage shall apply only to those ensuing losses or damages.
9. Loss or damage caused by or resulting from any of the following:
  - a. smog, dampness or dryness of atmosphere;
  - b. extremes or changes in temperature (whether atmospheric or other) except damage to fire protective equipment caused by freezing;
  - c. smoke or smudge from industrial or agricultural operations;
  - d. shrinkage, evaporation, loss of weight, rust, corrosion, erosion, or depletion; or
  - e. heat or cold, change in color, texture or finish.
10. With respect to computers and related equipment and media, loss or damage caused by error in machine

programming or machine installation or operating instructions.

11. Loss or damage caused by or resulting from earth movement or volcanic eruption. Earth movement includes, but is not limited to, earthquake, landslide, or earth rising, sinking or shifting.
12. Loss or damage caused by or resulting from flood, including the action of surface water, waves, tides, tidal waves, overflow of a body of water, or mudslide or mudflow.
13. Loss or damage caused by or resulting from continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.
14. Loss or water damage caused by or resulting from freezing, unless:
  - a. You do your best to maintain heat in the building; or
  - b. You drain the system and turn off the water supply if the heat is not maintained
15. Loss, damage, or expense resulting from the relocation of any tenant, whether incurred by the tenant or the *covered entity*.

## **G. Conditions**

### **1. Mortgagees**

*We* will make payment for loss or damage to buildings payable jointly to *you* and to any mortgagees endorsed herein, as your respective interests may appear. The mortgagee has the right to receive loss payment even though:

- a. *You* failed to comply with the terms and conditions of this coverage Section; or
- b. *Your mortgagee* starts foreclosure or similar actions of the subject building.

If *we* make loss payments to your mortgagee when *you* fail to comply with the terms and conditions of this *coverage part*, *you* must reimburse us to the extent *we* paid your mortgagee. *Your* mortgagee will still have the right to receive the balance of the mortgage debt from *you*.

*We* also have the right to take over your mortgage after making loss payment to the mortgagee. If *we* do, *you* will pay the balance of your mortgage debt to us.

If *you* fail to pay your premium, *we* may request it from your mortgagee. *Your* mortgagee must notify us of any change in ownership of a covered property known to the mortgagee.

If *we* cancel this *coverage part*, *we* will give the mortgagee, endorsed herein, the same notice of cancellation *we* will give *you*.

## 2. Control of Property

Any act or neglect of any person, other than *you*, beyond your direction or control will not affect this *coverage part*.

The breach of any condition of this *coverage part* at any one or more *covered locations* will not affect coverage at any covered location where, at the time of loss or damage, the breach of condition does not exist.

## 3. No Benefit to Bailee

No person or organization, other than *you*, having custody of covered property will benefit from this coverage.

## 4. Limits of Coverage

- a. Structures are covered for *replacement cost* up to 125% of

the value reported except as otherwise stated.

- b. *Other structures* shall be covered up to 20% of the associated building's *replacement cost*.
- c. This policy provides up to \$35,000.00 of coverage, per occurrence, due to water damage caused by accidental discharge, overflow, or backup of water or sewer from plumbing fixtures, pipes or appliances. This limit includes the cost of tearing out and replacing any part of the building necessary to repair the system from which the discharge occurred.

## 5. Deductibles

*We* shall only be obligated to pay up to the limit of liability less the applicable deductible, under the appropriate valuation basis as described in this *coverage part*.

## 6. Newly Acquired Property

Property which is newly acquired; or improvements, alterations or additions to currently *covered property*, made during the current policy period, will be automatically covered for a period of sixty (60) days.

Such properties and improvements must be reported, in writing, and the proper premium paid during this sixty (60) day period or coverage will be discontinued and any claims associated with such property will be voided.

## 7. Valuation of Property

*You* shall provide accurate replacement values for all *covered property* or agree with *us* on an agreed value for all such property. These values as applied to



multi-unit properties, shall be based upon a per unit *replacement cost*.

In case of loss, the basis of adjustment shall be as of the time and place of loss or damage as follows:

- a. On buildings, machinery, equipment, furniture, fixtures, improvements, and betterments: *replacement cost*. In the event of loss or damage to improvements and betterments, *we* agree to accept and consider the *covered entity* as the sole and unconditional owner, except where *we* have issued a proper mortgagee endorsement.
- b. On historic structures, which are any buildings deemed by the *covered entity* to be historic structures and reported to us as such, or which have been or could be so declared by any federal, state or local agency having the authority to make such a declaration, shall be valued on the basis of an "agreed value" between the *covered entity* and *us* and must be included in the schedule of covered properties. This "agreed value" shall be the maximum liability for us in the event of a partial or total loss.
- c. On household goods and personal effects owned by or in the care, custody and control of the *covered entity*: *replacement cost*.
- d. On media: The cost of reproducing the media and data storage devices from duplicates or from originals of the previous generation of the data. The measure of recovery shall be *replacement cost* for replacement or reproduction and coverage is limited to \$50,000.
- e. On computers and related equipment: *replacement cost*.

If, due to obsolescence, identical equipment is not available, computers and equipment will be replaced with models of the type and power most closely matching the damaged equipment.

- f. On property of others: *replacement cost* or the *covered entity's* legal liability, whichever is less.
- g. On fences, retaining walls, towers and antennas, signs, trees, shrubs and plants: *actual cash value*, up to a limit of \$10,000 per loss for damage caused by *specified perils* (no single tree, shrub or plant in excess of \$250).
- h. On towed *and mobile equipment*: *actual cash value*.
- i. Other property not otherwise provided for in this *coverage agreement*: *replacement cost*.

If buildings or personal property are not actually repaired or replaced within twelve months of the date of loss, and no extension of time has been agreed to in writing by *us*, then the basis of valuation reverts to *actual cash value* (ascertained with proper deduction for depreciation). Any previous overpayment by us will be refunded by the *covered entity*.

## 8. Vacancy

- a. As used in this vacancy condition, the term building and the term vacant have the means set forth in a.(1-3) below:
  - (1) When this *coverage agreement* is issued to a tenant, and with respect to that tenant's interest in covered property, building means the unit or suite rented or leased to the tenant.

- (2) When this policy is issued to the owner or general lessee of a building, building means the entire building.
  - (3) The term vacant means a building that is abandoned or does not contain enough personal property to conduct customary operations. Unoccupied buildings are not considered vacant. An unoccupied building is a building which contains enough personal property to conduct *your* customary operations, but such operations are temporarily suspended. Buildings under construction or renovation are not considered vacant.
- b. *We* will pay for loss or damage by a covered cause of loss at a vacant building if:
- (1) The vacant building is at the premises described in the property schedule and *you* have notified *us* of the vacancy within thirty (30) days of the date such building becoming vacant; or
  - (2) The vacant building is added to the property schedule after inception of the policy and *you* have notified *us* of the vacancy within 30 days of the effective date of the addition of such building.
- c. With respect to a building that has been vacant for a period of more than ninety (90) consecutive days, the amount *we* will pay will be the lesser of the cost to repair the building or the actual cash value of the building. If a building has been vacant for a period of 90 consecutive days or less the valuation will be subject to the valuation condition set forth in paragraph 7 above.

## CRIME COVERAGE

*We will pay for loss suffered by the covered entity involving those coverages listed in this coverage part and shown as "included" in the Information Pages. If included, coverage is afforded for an act or series of related acts involving one or more persons resulting in a covered loss. For purposes of the Crime coverages, a loss will be deemed to have occurred on the date that it is discovered by the covered entity.*

### **A. Coverages**

#### **1. Employee Theft**

*We will pay for loss of or damage to money, securities and other property caused by theft by any employee of the covered party while acting alone or in collusion with others.*

The amount *we* pay is limited to that portion of loss exceeding the deductible shown on the *Information Pages*. *We* will then pay in excess of the deductible up to the limit shown for this coverage in the *Information Pages*.

#### **2. Forgery or Alteration**

*We will pay for loss resulting from forgery or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in money that are:*

- a. Made or drawn by or drawn upon the *covered entity*; or
- b. Made or drawn by one acting as the *covered entity*'s agent; or
- c. That are purported to have been so made or drawn.

The amount *we* pay is limited to that portion of loss exceeding the deductible shown in the *Information Pages*. *We* will then pay in excess of the deductible up to the limit shown for this coverage in the *Information Pages*.

#### **3. Theft of Money and Securities**

*We will pay for loss of money and securities inside a covered location or inside a bank or similar depository*

*resulting from theft, disappearance or destruction.*

*We will pay for loss from damage to the covered location or its exterior if you are the owner of the premises or liable for damage to it.*

*We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the covered location resulting directly from an actual or attempted theft of or unlawful entry into those containers.*

*We will pay for loss of money and securities outside the covered location while in the care and custody of an employee, messenger, or delivery service.*

Any amount *we* pay is limited to that portion of loss exceeding the deductible shown in the *Information Pages*. *We* will then pay in excess of the deductible up to the limit shown for this coverage in the *Information Pages*.

#### **4. Computer Theft and Electronic Transfer of Funds**

*We will pay for loss of money and securities resulting from a "fraudulent instruction" directing a financial institution to transfer, pay, or deliver funds from your account by means of an electronic transfer of funds ("ETF") subject to the following:*

- a. Prior to the loss, the *covered entity* certifies that the bank with which the *covered entity* deals has primary insurance coverage for such loss and

informs *us* of the limits of such insurance;

- b. The bank has a password protected system whereby each entity accessing the system has its own password;
- c. The covered *party* maintains a list of employees authorized to make electronic transfers and describes the circumstances [limits] of their authority, establishes and follows a user password system with a separate password for each person authorized to make an ETF. The password (i) shall be known only to that user, and (ii) shall be changed at least annually.
- d. The computers used for ETF must have at all times updated virus protection and firewalls to protect them for outside access.
- e. The computers used for ETF shall be turned off and depowered each night.

The amount *we* pay is limited to that portion of loss exceeding the deductible shown in the *Information Pages*. *We* will then pay in excess of the deductible up to the limit shown for this coverage in the *Information Pages*.

## **B. Definitions**

1. *Covered location*, for purposes of this *coverage part*, means a building occupied by the *covered entity* for conducting business.
2. *Forgery* means the signing of the name of another person or organization with the intent to deceive.
3. *Money* means currency, coins, bank notes, travelers' checks, and money orders.
4. *Other property* means tangible property other than money and securities that has intrinsic value.
5. *Securities* means negotiable and non-negotiable instruments representing *money* or *other property* and includes

stock certificates, tokens, stamps, and evidences of debt issued in connection with credit card sales.

6. *Theft* means the unlawful taking of *money, securities* or *other property* with the intent to deprive the covered party.

## **C. Exclusions**

The Crime *coverage part* does not apply to the following:

1. Loss caused by any *employee* of a *covered entity* for whom similar prior insurance or coverage has been cancelled and not reinstated.
2. Loss, or that part of any loss, for which proof is dependent upon an inventory computation, an audit or accounting review.
3. Loss resulting from accounting or arithmetical errors or omissions.
4. Loss resulting from the giving or surrendering of property in any exchange or purchase.
5. Loss of money in any money operated device unless the amount deposited is recorded by a continuous recording instrument in the device.
6. Loss of or damage to property after it has been transferred or surrendered to a person or place outside the *covered location* or banking premises:
  - a. On the basis of unauthorized instructions;
  - b. As a result of a threat to do bodily harm to any person or do damage to any property but this exclusion does not apply to loss occurring outside the *covered location* or banking premises to property in the care and custody of an *employee* if *you* had no knowledge of the threat when the conveyance began, or the loss was not related to the threat.
7. Loss resulting from *your* being induced by any dishonest act to voluntarily part

with title to or possession of any property.

8. Loss from seizure or destruction by order of governmental authority.
9. Loss of potential income.
10. Fees, costs, fees or other expenses incurred to establish the existence or amount of loss or related to any legal action.
11. Unexplained or mysterious disappearance or loss or shortage found upon taking inventory.

## **D. Conditions**

### **1. Cancellation as to any Employee**

This *coverage part* is cancelled as to any *employee* immediately upon discovery by *you* or any of *your* officers or directors not in collusion with the *employee*, of any dishonest act committed by that *employee* whether before or after becoming employed by *you*.

### **2. Electronic or Digital Signatures**

We will treat electronic or digital signatures the same as handwritten signatures.

### **3. Proof of Loss**

*You* must submit a detailed written proof of loss within one hundred twenty days (120) from *your* discovery of the loss. *You* must include with *your* proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss. *You* must also report all such losses to the appropriate law enforcement agency and other regulatory agencies (e.g., HUD).

### **4. Consolidation-Merger**

If through consolidation, merger or purchase of assets any additional persons become *employees*, or *you* acquire use and control of additional

*covered locations*, the coverages applicable to *employees* will apply to those additional *employees* and *covered locations*.

This coverage extension is valid only if *you* give us written notice within thirty (30) days thereafter and pay any additional required premiums.

## **5. Joint Covered Party**

- a. If more than one *covered party* is named in the *Information Pages*, the member authority will act for itself and for every other *covered party* for all purposes of the Crime *coverage part*.
- b. If any *covered party* has knowledge of any information relevant to this *coverage part*, that knowledge is considered knowledge of every *covered party*.
- c. An employee of any *covered party* is considered to be an *employee* of every *covered party*.
- d. We will not pay more for loss to more than one *covered party* than what we would pay if all loss had been sustained by one *covered party*.

## **6. Loss Discovery Period**

Subject to prompt disclosure and written notice to *us*, we will pay only for covered loss discovered and reported to *us* during the coverage period.

## **7. Loss Covered Under More than One Sub-Part of this Crime Coverage**

If two (2) or more sub-parts in this *coverage part* apply to the same loss, we will pay the lesser of:

- a. The actual amount of loss; or
- b. The sum of the limits of coverage applicable to those sub-parts.

However, we will be liable only up to the lesser of the:

- 1) Securities' value at close of business on the day of discovery; or
- 2) Limit of liability for this coverage.

## 8. Valuation - Settlement

Subject to the applicable limit of liability set forth in the *Information Pages*, we will pay for:

- a. Loss of *money* up to and including its face value.
- b. Loss of *securities* up to and including their value at close of business on the day of loss discovery. *We* may, at our option:
  - 1) Pay the value of such *securities* or replace them in kind, in which event *you* must assign to us all your rights, title and interest in and to those securities;
  - 2) Pay the cost of any lost securities bond required for issuing duplicates.

- c. Loss of, or loss from damage to, property other than *money and securities* or loss from damage to the *covered location* for not more than the least of the:
  - 1) *Actual cash value* of the property on the day of loss discovery;
  - 2) Cost of repairing the property or *covered location*; or
  - 3) Cost of replacing the property with property of like kind and quality.

## GENERAL LIABILITY COVERAGE

### A. Coverage Agreement

We will pay on behalf of the *covered party* those sums that the *covered party* becomes legally obligated to pay as damages because of:

Coverage A - *Bodily Injury* and *Property Damage* caused by an *occurrence* during the coverage period;

Coverage B - *Personal Injury* resulting from an offense committed by a *covered party* during the coverage period; and

Coverage C - *Tenant Discrimination* resulting from an act, including the failure to act, committed by a *covered party* during the coverage period;

in connection with the *covered entity's* operations as an affordable housing provider and not otherwise excluded

### B. Defense and Settlement

1. *We* have the right, but not the duty, to investigate and/or defend any claim or *suit* seeking damages within paragraph A above. If *we* defend, *we* have the exclusive right to select defense counsel.
2. *We have* the right to settle any claim or *suit*. *We* are not obligated to obtain the *covered party's* consent, but will endeavor to obtain such consent or agreement.
3. *We have* the discretion to defend a claim or *suit* for which no liability coverage is afforded if *we* determine that provision of a defense or payment of *defense costs* may avoid a legal precedent that may have a materially adverse effect upon *us* or *our* members in other circumstances or proceedings. *Our* discretion shall be absolute and unconditional and shall not be subject to any requirement of reasonableness or fairness whatsoever.

4. The amount *we* will pay on behalf of the *covered entity* for such injury and *damage*, including judgments, settlements and *defense costs*, is subject to the limit of liability set forth in the *Information Pages*. *Defense costs* are part of and not in addition to the limit of liability.
5. *Our obligations* under this *coverage part* end when *we* have used up the limit of liability in the payment of judgments, settlements or *defense costs* (or any combination thereof) under coverages A, B, or C. This applies to both claims and *suits* pending at that time and those filed thereafter.
6. If a general liability deductible is maintained by a *covered entity* it will be indicated by endorsement issued to the *covered entity*.

### C. Limit of Liability

1. *Our* total limit of liability for loss resulting from any one *occurrence* or any one *personal injury* offense or any one act or failure to act resulting in *tenant discrimination* will not exceed the limit of liability specified in the *Information Pages*. This will be true regardless of the number of:
  - a. *Covered parties*,
  - b. *Coverage parts* involved in the loss,
  - c. Claims made and *suits* brought for any *occurrence*, *personal injury* offense, or act or failure to act resulting in *tenant discrimination*; and
  - d. *Persons* or organizations making claims or bringing *suits*.
2. In determining our limit of liability, all injury, damages, loss and defense costs arising out of continuous or repeated

exposure to substantially the same general harmful conditions will be considered as arising out of one *occurrence*, offense or act, and commencing on the date of the first such exposure.

3. The Aggregate Limit is the most we will pay for damages caused by all *occurrences*, *offenses*, or covered acts during any single *coverage period*.

#### **D. Definitions**

1. *Bodily injury* means bodily injury, sickness, disability or disease, mental anguish, mental injury, shock and humiliation sustained by a person, including death resulting from any of these at any time.
2. *Hired auto* means an *automobile* that is not owned, but is leased, hired, rented, or borrowed, but only while used on official business of the *covered entity*.
3. *Non-owned automobile* means an *automobile* that is not owned, leased, hired, rented or borrowed by the *covered entity*. It includes an *automobile* that is owned by an *employee* or volunteer, but only while used on official business of the *covered entity*. This coverage shall apply excess of any insurance maintained by the owner of a *non-owned automobile*. This coverage does not apply towards any deductible of insurance maintained by the owner of the *automobile*.
4. *Occurrence* means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results in *bodily injury* or *property damage* during the Coverage Period that the *covered party* neither expected nor intended.

5. *Personal injury* means injury, other than *bodily injury*, arising out of one or more of the following offenses:
  - a. False arrest, detention or imprisonment, or defective service of process;
  - b. Malicious prosecution or humiliation;
  - c. Wrongful entry or eviction, or other invasion of the private occupancy; or
  - d. Libel, slander or defamation.
6. *Property damage* means:
  - a. Physical injury to or destruction of tangible property, including all resulting loss of use of that property; or
  - b. Loss of use of tangible property that is not physically injured.
7. *Tenant discrimination* means allegations of discrimination by a protected class made by applicants, existing or former tenants during the coverage period. *Tenant discrimination* does not extend to cover contract property managers or their employees.

#### **E. Exclusions**

This *coverage part* does not apply to the following:

1. *Bodily injury* or *property damage* expected or intended from the standpoint of any *covered party*. This exclusion does not apply to *bodily injury* resulting from the use of reasonable force to protect persons or property, to the extent such reasonable force was not exercised in an act of law enforcement (whether committed by a law enforcement officer or other person).
2. *Bodily injury* or *property damage* arising out of the ownership, maintenance, use or operation of any *automobile*. This exclusion does not apply to liability arising out of the



operation of a *hired* or *non-owned automobile*.

3. *Any* obligation of the *covered entity* or its workers' compensation carrier under a workers' compensation, disability benefits or unemployment compensation law or similar law.
4. *Bodily injury* to:
  - a. An *employee* of the *covered party* arising out of and in the course of employment by the *covered party* unless coverage is specifically extended in the *Information Pages*; or,
  - b. The spouse, child, parent, brother or sister of that *employee* as a consequence of a. above.

This exclusion applies whether the *covered party* may be liable as an employer or in any other capacity.

5. *Property damage* to property:
  - a. *you* own;
  - b. *you* rent or lease where *you* have assumed liability for damage to or destruction of such property unless you would have been liable in the absence of such assumption of liability; or
  - c. in *your* care, custody or control.
6. *Actual* or alleged liability arising from inverse condemnation, adverse possession, dedication by adverse use or eminent domain, or any claim that a *covered party* has taken or diminished the value of land through land use restrictions on such land or use of adjacent land or air space by a *covered party*.
7. *Actual* or alleged liability arising out of the *covered party's* failure to perform, or breach of, an agreement or contractual obligation.

8. *Actual* or alleged liability of others assumed under any agreement unless the *covered party* would have had such liability in the absence of the agreement or the other party has been named as an *additional covered party* in an endorsement issued by us.
9. *Actual* or alleged liability arising out of defects or deficiencies in construction including but not limited to defects or deficiencies in connection with the following:
  - a. The preparation of plans, specifications, drawings, maps, orders, opinions or designs by any person or entity;
  - b. Renovation, repair, or construction of any building, structure or project by any person or entity;
  - c. Testing or inadequate protection from soil, ground water movement; soil subsidence, wet or dry rot by any person or entity; or
  - d. The retention or supervision of any project, person, or entity connected in any way to such design, renovation, repair, construction, or testing.
10. *Actual* or alleged liability arising out of or in any way connected to the renovation, conversion, or sale of any condominium unit or condominium development.
11. *Bodily injury* or *property damage* resulting from the service of alcoholic beverages on *covered property*.
12. *Personal injury* or *tenant discrimination* arising out of:
  - a. Oral or written publication of material, if done by or at the direction of the *covered party* with knowledge of its falsity, or with reckless disregard for its truth or falsity.

- b. The willful violation of a statute or ordinance committee by or with the consent of the *covered party*.
  - c. Any acts constituting discrimination, harassment or violation of the civil rights of any person where the *covered party* intentionally created, knowingly permitted, or willfully or recklessly disregarded the violation of any law, regulation or policy prohibiting such acts.
13. Any administrative proceeding before a federal, state or local agency responsible for the administration of federal, state or

local fair employment practices or anti-discrimination laws or regulations, (including HUD), except that *we* may, at our sole discretion, participate in such proceedings to the extent that we deem necessary. Our participation in such proceedings shall not be construed as an extension of coverage to such proceedings, nor as an assumption of any liability for losses, fines, penalties or any other costs incurred or assessed to the covered party under such proceeding.

14. *Any* modification of property to provide reasonable accommodation under the Americans with Disabilities Act, the Fair Housing Act, or similar statute.