

## INSURANCE - OWNER

**Property Insurance.** During the term of this Agreement, Owner shall cause to be placed and kept in full force and effect a policy or policies of insurance covering loss or damage to the Property in an amount not to exceed the full replacement value of the Property, providing protection against all perils, including fire, flood (if required), vandalism, malicious mischief, and extended coverage for perils (open peril). Insurance coverage shall be in conformance with the bond or other lender covenants relating to the financing of the Property, if any. In addition, Owner shall cause to be placed and kept in full force and effect a policy of rental value insurance covering a period of one (1) year rental value of all rental units on the Property, with loss payable to Owner, which insurance shall also cover all real estate taxes for said period.

**Commercial General Liability Insurance.** Owner shall carry commercial general liability insurance with limits of coverage for bodily injury and property damage liability of not less than \$1,000,000 per occurrence and not less than \$2,000,000 policy general aggregate. Owner's participation in a governmental risk sharing pool shall be deemed to satisfy Owner's insurance requirements under the preceding sentence. Owner shall provide evidence to the Manager that the insurance is being maintained in effect along with evidence that the insurance will not be cancelled or materially changed in the scope or amount of coverage unless thirty (30) days' advance notice is given to the Manager. Manager shall be designated as an additional insured under Owner's policy which shall be primary to any other coverage available to Manager, except for claims alleged to be caused by the willful misconduct or gross negligence of the Manager, its partners, directors, officers, agents, contractors, and employees.

## INSURANCE - MANAGER

### WORKERS' COMPENSATION INSURANCE.

Manager is a "subject employer" within the meaning of state law. Manager shall procure and maintain all legally required insurance coverage relating to its employees, including, but not limited to, workers' compensation and employer's liability insurance, in the amounts required under state law at Manager's sole expense for the duration of this Agreement. Such policy shall include a waiver of subrogation clause. Manager shall also present proof of worker's compensation insurance to state worker's compensation boards when required by state law.

### FIDELITY COVERAGE WITH EMPLOYEE DISHONESTY.

Manager shall maintain fidelity coverage with employee dishonesty covering all employees on a blanket basis in the minimum amount of three (3) months' Property rent receipts or One Hundred Thousand Dollars (\$100,000), whichever is more.



## **ERRORS & OMISSIONS AND PROFESSIONAL LIABILITY INSURANCE.**

During the term of this Agreement, Manager, at its own cost and expense, shall procure and maintain Errors & Omissions insurance and/or Professional Liability insurance, to protect against foreseeable risks, errors, and omissions which is customarily carried by property management companies similar to Manager, with coverage of not less than One Million Dollars (\$1,000,000). In addition, Manager shall carry Fair Housing and Tenant Discrimination coverage of not less than One Million Dollars (\$1,000,000) per occurrence, which minimum shall not be as a sub-limit, covering, on a blanket basis, all Manager's employees working at or in connection with the Property, including but not limited to, all officers, agents, and employees of Manager. If the errors and omissions policy does not include Fair Housing and Tenant Discrimination coverage, Manager shall obtain an endorsement or a separate policy in the required amount.

This required coverage shall also include coverage for Employment Practices Liability, which may be endorsed onto the above referenced policy or purchased as a separate insurance policy.

## **AUTOMOBILE LIABILITY INSURANCE.**

During the term of this Agreement, Manager, at its own cost and expense, shall procure and maintain automobile liability coverage with a policy limit of not less than One Million Dollars (\$1,000,000) combined single limit, covering all motor vehicles owned, non-owned, leased, hired, or borrowed that are used by Manager or its employees.

## **INDEMNIFICATION**

### **INDEMNIFICATION OF OWNER.**

Manager shall indemnify, defend, and save Owner and its partners, directors, officers, agents, and employees harmless from any and all losses, costs, claims, demands, causes of action and damages, including, without limitation, any judgment, award, reasonable attorneys' fees, and all other costs, arising directly or indirectly out of:

Negligence, errors and omissions, breach of fiduciary duty, fraud, or intentional misconduct of Manager or any of its officers, partners, directors, agents, or employees, in connection with this Agreement or Manager's services or work hereunder;

Manager's staffing, hiring, firing, or other practices relating to Manager's employees, including, but not limited to, employment taxes, workers' compensation, fines, penalties, and attorneys' fees arising out of the alleged or actual violation by Manager of labor, employment, or discrimination laws or regulations; or

Manager's failure to comply with applicable laws, including but not limited to fair housing, non-discrimination, and landlord-tenant laws.

Notwithstanding the foregoing, Manager's obligation to indemnify Owner shall not extend to any claim, demand, cause of action, or damage to the extent caused by the negligence, willful misconduct, gross negligence, fraud, or illegal action of Owner, or its partners, directors, officers, Managers, or employees. The provisions of this Section shall survive the termination of this Agreement.

#### INDEMNIFICATION OF MANAGER.

Owner shall indemnify, defend, and save Manager, and its directors, officers, agents, and employees harmless from any and all losses, costs, claims, demands, causes of action, and damages, including, without limitation, any judgment, award, reasonable attorneys' fees, and all other costs, arising directly, or indirectly out of the violation by Owner, or any of Owner's partners, directors, officers, agents, or employees of any statute, rule, regulation, or law pertaining to the Property. Notwithstanding the foregoing, Owner's obligation to indemnify Manager shall not extend to any claim, demand, cause of action, or damage to the extent caused by the negligence, willful misconduct, gross negligence, fraud, or illegal action of Manager, or its partners, directors, officers, agents, and employees. The provisions of this Section shall survive the termination of this Agreement.

#### INDEMNIFICATION PROCEDURE.

Promptly after receipt by an indemnified party of notice of any suit, proceeding, claim, demand or action that falls under the scope of this Section and that the indemnified party intends to seek indemnification therefore (collectively, the "**Claim**"), such indemnified party will deliver to the indemnifying party a written notice of the Claim and the indemnifying party shall assume the defense thereof with counsel mutually satisfactory to the parties.

The indemnified party shall reasonably cooperate with the indemnifying party in connection with the defense of the Claim including, without limitation, by making available to the indemnifying party all relevant information material to the defense of the Claim. The indemnified party shall be entitled to participate in the settlement or defense of the Claim and to approve any proposed settlement that would impose any obligation or duty on the indemnified party, which approval may, in the sole discretion of the indemnified party, be withheld. The indemnified party shall have the right to pay or settle any Claim at any time, provided that in such event it waives the right to indemnification therefore by the indemnifying party. The indemnified party will seek prior approval of the payment or settlement if reasonably possible from the indemnifying party prior to payment or settlement.

If the indemnifying party fails to contest the Claim or approve settlement in good faith and with reasonable diligence, the indemnified party shall thereafter have the right to contest, settle or compromise the Claim in its sole discretion, at the risk and expense of the indemnifying party, and

the indemnifying party will thereby waive any claim, defense or argument that the indemnified party's settlement or defense of such Claim is in any respect inadequate or unreasonable.

If the indemnification provided for in this Section is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any Claim, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense, including reasonable attorneys' fees.

With respect to any Claims made by third parties for bodily injury or property damage arising out of "maintenance", Owner shall indemnify Manager to the extent of Owner's fault and no more; likewise, Manager shall indemnify Owner to the extent of Manager's fault and no more. Manager has a duty to maintain the Property and to notify Owner of any needed repairs. Owner has a duty to approve and pay for needed repairs in a timely manner.

#### EVIDENCE OF INSURANCE; SUBROGATION.

**Evidence of Insurance.** Manager and Owner will provide each other with certificates of insurance as well as copies of all policies including endorsements and exclusions that evidences that the insurance required under this Section is in full force and effect at all times. Policies required to be obtained pursuant to this Section must be endorsed to provide that thirty (30) days' advance written notice of cancellation or material change will be given to Owner and Manager. Policies required to be given shall provide that Owner shall be covered as an additional insured. Notwithstanding the receipt of copies of policies by Owner, Manager's obligations to carry the insurance coverage required shall not be deemed to have been waived, satisfied, or reduced; and notwithstanding such delivery to Owner, or any subsequent lack of notice of Owner's disapproval of the policies so provided, Manager shall continue to be obligated to carry each and every policy as set forth hereunder.

**Subrogation.** All policies to be obtained shall contain waivers of subrogation rights, and each party waives any and all claims and causes of action against the other party to the extent covered by the responsible party's insurance, subject to the indemnification provisions of this Agreement.

#### ACCIDENTS AND CLAIMS.

Manager shall promptly notify Owner of any accident or actual, threatened, or pending claim for damage relating to the ownership, management, operation, or maintenance of the Property. Manager shall promptly investigate and make a full written report to Owner within five (5) working days of receiving knowledge of any accident or claim for damage relating to the ownership, management operation, or maintenance of the Property, including any damage or destruction to the Property and the estimated cost of repair, and shall cooperate and make any and all reports required by any insurance company in connection therewith. In no event shall Manager file or report any claim directly on Owner's insurance policies without Owner's prior written

consent or direction, which may be withheld in Owner's sole discretion. Owner has the sole discretion whether or not to file or report a claim on Owner's insurance policies.

#### USE OF PREMISES and FIRE LEGAL INSURANCE.

Manager shall not use or cause the use of the Property for any purpose that might void any policy of insurance relating to the Property, increase the premium otherwise payable, or render any loss thereunder uncollectible. Manager shall also add Fire Legal coverage to their General Liability policy, by endorsement; to cover damage to Owner's property caused by or arising from acts of Manager. Fire Legal coverage should provide sufficient limits to cover the agreed replacement cost value of the structure and contents owned by owner, whether rented, leased or occupied by Manager.

#### GENERAL.

All policies of insurance shall be carried continuously during the term of the Agreement and shall be maintained by Manager as provided for in this Agreement shall be placed with reputable insurers licensed and authorized to issue such policies in such amounts, with a current A.M. Best's rating acceptable to Owner. The Owner's commercial general liability policy shall be primary for any and all lawsuits related to the condition of the property where both the Owner and Manager have been named as Defendants in the same lawsuit. In these situations, the Manager shall also provide written notice to its insurance carrier that such a lawsuit has been filed. The Manager shall provide insurance for and its insurer shall be primary for any and all claims related to employment, tenant/landlord issues, fair housing and/ or equal opportunity violations. The Manager is responsible for maintaining and facilitating good relations with tenants in order to prevent, as much as possible, tenant/landlord issues, fair housing and discrimination claims against Owner and Manager.