

Insurance Requirements for Owner/Developer and Contractor

The Applicant shall provide evidence to ACDS that the Applicant provide and maintains fire and extended coverage insurance on the Property and Project satisfactory to and with loss payable to ACDS in at least the amount of the balance of the Note plus the outstanding balance on any and all other mortgages, deeds of trusts or other instruments wherein payments due and payable are secured by the Property and Project or the full replacement cost of the Project, whichever is greater.

The Applicant shall furnish ACDS with certificates evidencing the type, amount, class of operations and effective dates and dates of expiration of the insurance policies required. The certificates shall substantially contain the following statement:

“The insurance covered by this certification shall not be canceled or materially altered, except after thirty (30) consecutive calendar days from when a written notice has been delivered to Arundel Community Development Services, Inc.”

Arundel Community Development Services, Inc. and its respective agents, employees and officers, shall be named as an additional insured in insurance policies on a primary basis, except for worker’s compensation and automobile liability policies. The Applicant shall provide ACDS with an Additional Insured Form Number CG 20 10 11 85 which shall remain in effect for commercial general liability coverage and excess liability policies, for the term of the construction contract, including the warranty period. The builders risk policy and the fire and extended coverage policies during and after the construction period shall name ACDS as mortgagee and loss payee.

The Borrower shall purchase and maintain insurance protecting them from claims for damages to property arising out of, or resulting from their operations, whether such operations be by the Borrower or general contractor or by any subcontractor’s operations or any directly or indirectly employed by any of them and shall provide to ACDS, prior to settlement, the following evidence of insurance to be maintained:

- (i) worker’s compensation statutory benefits as required by the laws of the State of Maryland and employee’s liability coverage with limits of at least \$100,000 each accident, \$100,000 employee disease, and \$500,000 disease policy limits; and
- (ii) automobile liability insurance with at least \$1,000,000 combined single limit coverage to include owned, non-owned and hired automobiles and in compliance with and as required by the laws of Maryland; and
- (iii) commercial general liability with minimum limits of coverage at \$1,000,000 Each Occurrence (Bodily Injury or Property Damage), \$2,000,000 General Aggregate that applies on a per project basis, \$2,000,000 Products/Completed Operations Aggregate and \$1,000,000 Per Person or Organization (Personal and Advertising Injury); and
- (iv) fire and extended coverage insurance on the Property in an amount of the balance of the Deed of Trust Note plus the outstanding balance on any and all other mortgages, deeds of trust or other instruments wherein payments are

due and payable and secured by the Property or the full replacement cost of the Property whichever is greater; and

- (v) applicant shall provide evidence to ACDS that the Applicant maintains throughout the loan period excess liability coverage in the form of an umbrella endorsement over the coverage set forth above in an amount of at least Five Million Dollars (\$5,000,000); and

- (vi) builder's risk insurance and multi-peril insurance on an all-risk basis with an agreed amount endorsement providing completed value coverage such that for the full construction period the Project is insured in an amount not less than one hundred percent (100%) of the value of the Project improvements.