

## INSURANCE REQUIREMENTS

<b>Mortgagee Clause</b>	<ul style="list-style-type: none"> <li>▪ <b>GHMC Mortgagee Clause</b> First Colony Mortgage Corporation It's Successors and/or Assigns ATIMA 508 W 800 N Orem, UT 84057</li> </ul>
<b>Evidence of Policy Payment / Renewal Requirements</b>	<ul style="list-style-type: none"> <li>▪ <b>Purchase Transactions:</b> <ul style="list-style-type: none"> <li>▫ For purchase transactions, the closing file must contain a declarations page with an effective date on or before the closing date along with a paid receipt for one year. Evidence of payment may include: <ul style="list-style-type: none"> <li>• Paid Receipt from the insurance agent.</li> <li>• Itemized as paid on the HUD-1. This does not include premiums paid POC.</li> <li>• Zero balance shown on the declarations page.</li> </ul> </li> <li>▫ Effective date should not be more than 10 days aged.</li> <li>▫ Sufficient impounds must be collected to renew coverage at the due date.</li> </ul> </li> <li>▪ <b>Refinance Transactions:</b> <ul style="list-style-type: none"> <li>▫ Sufficient evidence that the current annual policy premium has been paid in full is required on all refinance transactions</li> <li>▫ If waiving escrows and existing insurance policy is paid in installments, evidence that the policy is paid "current" through date of closing, or later, must be provided.</li> <li>▫ If policy expires prior to the first payment date, the policy must be renewed for a minimum of 12 months.</li> <li>▫ If a renewal policy is not available, 120% of the current policy premium should be collected and paid to the insurance agent at closing.</li> <li>▫ If policy expires within 30 days of closing, a renewal policy must be provided evidencing acceptable effective dates and coverage and renewal premium must be collected and paid to the insurance agent at closing; <b>OR</b> provide evidence the renewal premium has already been paid.</li> <li>▫ If policy expires less than 30 days from the GHMC purchase date (correspondent loans), an acceptable renewal declarations page will be required along with evidence the renewal premium has been paid in full. If the premium is disbursed from the escrow account, the correspondent must provide a current pay history.</li> <li>▫ If escrowed, sufficient impounds must be collected to renew coverage at the due date. Additionally, GHMC requires a 2 month cushion in escrow.</li> </ul> </li> </ul>
<b>Escrow Waivers (If Applicable)</b>	<ul style="list-style-type: none"> <li>▪ The requirement for an escrow account / impound account for the payment of property taxes and property insurance (not including flood insurance) may be waived or partially waived if all of the following conditions are met. <ul style="list-style-type: none"> <li>▫ Escrow Waiver Agreement signed by borrower(s)</li> <li>▫ Conventional loans only</li> <li>▫ LTV 80% or less</li> <li>▫ Pricing adjustment for escrow waiver reflected on lock</li> </ul> </li> <li>▪ <b>In accordance with agency guidelines, GHMC will require an escrow / impound account to be established for the payment of flood insurance premiums on all properties located in a flood zone. This requirement is effective regardless of LTV.</b></li> </ul>
<b>General Requirements</b>	<ul style="list-style-type: none"> <li>▪ At least one of the borrowers must be listed as the insured on the insurance policy and name must match the note. The property address must match the appraisal, note and security instrument.</li> <li>▪ Acceptable evidence of insurance includes: <ul style="list-style-type: none"> <li>▫ Declarations page</li> <li>▫ Certificate of Insurance</li> </ul> </li> <li>- <b>Binders are not acceptable as evidence of insurance. Evidence of insurance must reflect Policy Number.</b></li> </ul>

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Property Insurance Requirements	<ul style="list-style-type: none"> <li>First Colony Mortgage Corporation dba GHMC or GHMC TPO conforms to Fannie Mae Guidelines for Property, Flood and Project insurance requirements. Please refer to sections <b>B7-3: Property and Flood Insurance</b> and <b>B7-4: Additional Project Insurance</b> of the Fannie Mae Guide, linked below for your reference:  <a href="https://www.fanniemae.com/content/guide/selling/b/index.html">https://www.fanniemae.com/content/guide/selling/b/index.html</a> </li> </ul>
Special Notes Regarding Flood Insurance	<p>Unless stated otherwise in this section, GHMC follows the applicable Agency guidelines with respect to flood insurance requirements.</p> <ul style="list-style-type: none"> <li><b>Minimum Coverage Amount – Defining Replacement Cost Value</b> <ul style="list-style-type: none"> <li>With regard to coverage requirement of 100% of the replacement cost of the insurable value of the improvements, (also known as 100% replacement cost, or RCV) the insurable value of the improvements is determined using the <b>greater</b> of the values established by the hazard insurance provider or the flood insurance provider.</li> </ul> </li> <li><b>Maximum Allowable Deductible for Flood Insurance on properties in a project development:</b> <ul style="list-style-type: none"> <li>Maximum deductible for a master blanket policy is <b>\$25,000</b></li> <li>Deductibles for master project and individual dwelling flood insurance policies must meet NFIP requirements for the type of improvements insured unless state law requires a higher maximum deductible amount. This requirement applies to both NFIP and private policies.</li> </ul> </li> <li><b>PRIVATE FLOOD INSURANCE REQUIREMENTS – Effective July 1, 2019</b></li> </ul> <p>All private flood insurance policies must contain a statement or endorsement exactly as follows:</p> <p><b>“This policy meets the definition of private flood insurance coverage contained in 42 U.S.C. 4012a(b)(7) and the corresponding regulation.”</b></p> <p>Note: Private flood insurance is <b>not</b> available with FHA loan transactions.</p>
THDA Specific Property Insurance Requirements	<p><b>THDA has specific coverage and deductible requirements that must be met.</b></p> <p><b>HAZARD INSURANCE</b></p> <ul style="list-style-type: none"> <li><b>Required Coverage Amount</b> <ul style="list-style-type: none"> <li>The minimum acceptable amount of hazard insurance coverage is the appraised value less the site value, as provided in the appraisal, or an amount sufficient to replace the structure as determined by THDA.</li> </ul> </li> <li><b>Maximum Deductible</b> <ul style="list-style-type: none"> <li>The maximum allowable deductible is \$2,500. The deductible clause may apply to either fire, extended coverage, or both.</li> </ul> </li> </ul> <p><b>FLOOD INSURANCE</b></p> <ul style="list-style-type: none"> <li><b>Required Coverage Amount</b> <ul style="list-style-type: none"> <li>The amount of coverage must equal the total amount of the THDA approved loan up to the maximum amount available through the National Flood Insurance Program.</li> </ul> </li> <li><b>Maximum Deductible</b> <ul style="list-style-type: none"> <li>The maximum allowable deductible amount is \$2,500.</li> </ul> </li> </ul>

<b><u>USDA/RD</u></b> <b>Specific Property Insurance Requirements</b>	<p><b>USDA/RD has specific coverage and deductible requirements that must be met.</b></p> <p><b>HAZARD INSURANCE</b></p> <ul style="list-style-type: none"><li>▪ <b>Required Coverage Amount</b><ul style="list-style-type: none"><li>▫ Replacement cost coverage in an amount equal to the insured value of the improvements or the unpaid principal balance.</li></ul></li><li>▪ <b>Maximum Deductible</b><ul style="list-style-type: none"><li>▫ Cannot exceed the greater of either \$1,000 or 1% of policy coverage.</li></ul></li></ul> <p><b>FLOOD INSURANCE</b></p> <ul style="list-style-type: none"><li>▪ <b>Required Coverage Amount</b><ul style="list-style-type: none"><li>▫ Flood insurance must cover the lesser of the outstanding principal balance of the loan or the maximum amount of coverage allowed under FEMA’s National Flood Insurance Program (NFIP).</li></ul></li><li>▪ <b>Maximum Deductible</b><ul style="list-style-type: none"><li>▫ Unless a higher amount is required by state or federal law (which includes FEMA policies), the maximum deductible for a flood insurance policy should not exceed the greater of \$1,000 or 1% of the face amount of the policy.</li></ul></li></ul>
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