



UHM HAZARD INSURANCE FACT SHEET

Policy Information	<p>All insurance policies are to include the following information:</p> <ul style="list-style-type: none"> • Borrower’s name <ul style="list-style-type: none"> ○ Fannie Mae Only: All person(s) holding title to the subject property as named insured must be included. ○ All Borrowers on the loan must be listed on Declarations page. • Property address (complete subject property address. Include the unit number, when appropriate) • Policy number included on all Declaration pages. (TBD is not acceptable) • Effective dates (dated no more than 30 days prior to loan closing date (disbursement date)) • Deductible • Mortgagee Clause and Loan Number • Premium • Dwelling Coverage • Endorsements (i.e., rent loss, HO-6, fidelity bond, liability coverage)
Insurable Value	<p>Insurable value is defined as the value of the property improvements (the home and other significant structures permanently affixed to the land such as a detached garage) as determined by the insurance carrier.</p>
Replacement Cost	<p>Replacement cost is the amount needed to replace or fully repair the insurable improvements in the event of loss. Insurable improvements are named in the policy, generally the home and any significant outbuildings such as a detached garage.</p>
Deductible	<p>All Loan Types: Up to 5% of the dwelling coverage (not insurable value) as shown on the Declarations page. This includes the total of the dwelling Example: 100,000.00 (dwelling coverage value) X 5% = \$5000.00. The maximum deductible cannot exceed \$5000.00 in this example.</p> <p>USDA Only: When using a high deductible, ensure that the chosen deductible is reasonable in relation to the borrower’s repayment ability, and will not cause undue hardship to the borrower.</p>
Premium	<p>This is the amount the policy will cost the borrower. The premium must be listed on the Declarations page.</p>
Dwelling Coverage 1-4 Family & Manufactured Homes	<p>Conventional, FHA, & VA: The amount of the policy coverage must be:</p> <ul style="list-style-type: none"> • 100% of the replacement cost value of the improvements, <i>or</i> • The loan amount (unpaid principal balance), as long as it equals no less than 80% of the replacement cost value of the improvements. <p>USDA Only: Properties should have replacement cost coverage in an amount that is at least equal to the guaranteed value of the improvements or the unpaid principal balance. Deductible(s) should not exceed 5% of the total coverage amount. (Refer to Hazard Insurance Policy for further details).</p>
Dwelling Coverage Condo/Attached PUD	<p>100% replacement cost of the project improvements. Must have a guaranteed or replacement cost endorsement to the master policy.</p>
HO-6 Walls in Coverage	<p>100% replacement cost. Check the master/blanket policy – if it does not include walls in coverage, borrower must obtain a separate policy for HO-6 coverage. You must collect HO-6 coverage if UHM is setting-up an escrow account for hazard insurance.</p> <p>Note: There is no calculation to follow for walls-in coverage. Make the policy reflects replacement cost.</p>



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Condo Liability Insurance	At least \$1 million for bodily injury and property damage for single occurrence.
Condo Fidelity Bond	Required for full reviews of projects with 21+ units. Must cover anyone who handles or is responsible for HOA funds (i.e. officer, employee or HOA’s agent). Minimum coverage must equal at least 3 months of HOA dues multiplied by all units.
Mortgagee Clause	<p>Mortgagee Clause for Insurance, for Loans Serviced by Union Home Mortgage including FNMA, FHLMC, FHA, VA, & USDA (Servicing Platform 43): Union Home Mortgage Corp., ISAOA/ATIMA P.O. Box 7115 Troy, MI, 48007 Loan #</p> <p>Mortgagee Clause for Hazard Insurance, for Servicing Released loans including Jumbo, Bond, & Private Investors (Servicing Platform Blank): Union Home Mortgage Corp., 8241 Dow Circle W. Strongsville, OH 44136 Loan #</p> <p>Mortgagee Clause for Insurance, for Non-Delegated Correspondent Loans: NDC Partner’s (Lender’s) Name and Address ISAOA/ATIMA</p> <p>Texas Properties: Texas follows the same addresses as listed above, but the Union Home Mortgage Corp. name must also include the following statement: Union Home Mortgage Corp., ISAOA/ATIMA, and each successor and assign in ownership of the indebtedness secured by the insured mortgage, except a successor who is an obligor under the provisions of Section 12 (c) of the Conditions and Stipulations.</p>
Escrow Set-Up	<p><u>Purchase</u>: Collect one full year. Payment may be collected at or before closing.</p> <p><u>Refinance</u>: Collect sufficient amount of months to cover premium from date of closing to policy renewal date. If the policy renewal date is due within 2 weeks (before and after) the first payment date, the total amount of the annual premium must be collected at closing.</p>
Escrow Waiver	If borrower does not escrow homeowner’s insurance and pays their premium monthly, the premium must be paid up to the first payment date of new mortgage.
Wind and Hail Insurance Coverage	<p>Wind and Hail Insurance Coverage can also be referred to as: Windstorm, Wind and Hail, Wind Driven Rain, Named Storm, or Hurricane Coverage.</p> <p>Regardless of the name, wind and hail insurance is included in most HOI policies, but in coastal areas, wind and hail coverage is often excluded. If that is the case, coastal homeowners may have to add additional coverage to their insurance policy to cover damage from hurricanes, windstorms, and hail in some cases.</p> <p>For more information, refer to Ask Alice/Ask UHM question “Is there a job aid for Wind and Hail Insurance?”</p>
Rating Requirements for Hazard Insurance Carriers	All agencies require that the hazard insurance policy be issued by a company with a general policy rating of B and a financial class of III or better. Fannie Mae and Freddie Mac have additional requirements; refer to the Ask Alice/Ask UHM question “What are the requirements for Insurance Companies ratings on Conventional loans?” or Agency guides.



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Please Note: A new copy of this checklist must be downloaded for each individual use.

Hazard Insurance Review Checklist

- Policies insuring personal property such as cars, boats, etc., are not acceptable. However, riders for coverage of personal items within the dwelling, e.g., furs, jewels, etc., will be accepted.
 - Title Binders are strongly discouraged due to ATR/QM requirements.
 - Obtain evidence of insurance: Declarations Page, or Certificate of Insurance
 - Obtain evidence of premium payment
 - Paid receipt for premium amounts reflected on the hazard policy, or
 - Closing Disclosure reflecting payment of premium amount reflected on the policy.
 - The policy number is clearly listed.
 - Name(s) of Borrower(s) agree with the Note.
 - Property address agrees, including the unit number when appropriate, with Note/Security Instrument.
 - Policy mailing address = subject property address.
 - If second home or investment property, policy mailing address = home address on FNMA 1003/FHLMC 65.
 - Mortgagee Clause (See Fact Sheet above for address information).
 - Loan Number is listed on Declaration.
 - The policy is properly counter signed .
 - The policy provides for 30-day written notice of cancellation, coverage reduction, or other change.
 - Effective date is not more than 30 days prior to the loan closing date (note date).
 - The amount of property insurance coverage is in line with Agency requirements.
- Purchase Loans: New Policy
- The policy extends for 12 months or more, from the date of closing.
- Refinance Loans:** Existing policy will be accepted, provided:
- The expiration date of the policy is clearly stated.
 - Sufficient impounds are collected, by the Seller, to renew coverage at the due date.
 - Existing coverage extends a minimum of 60 days beyond the purchase date.
 - If the policy expires within 760 days of purchase date, 1-year renewal is obtained.
 - If applicable, evidence of change of mortgagee is provided.