



Wholesale Lending Division

**VIP Insurance Requirements:
Condo/Attached PUD**

Insurance Requirements: Condo/Attached PUD

Master HOA Policy Requirements:

- Max Deductible: lessor of 10,000 or 1% of policy face amount
- Commercial General Liability (CGL) insurance policy covering the entire project: common areas, commercial spaces, bodily injury and property damage
- Liability coverage: at least \$1 million for bodily injury and property damage
- Fidelity Bond Insurance ("Fidelity, Crime, or Employee Dishonesty"):
- Required for all projects over 20 units
- Coverage: must be equal to the greater of:
 - o 1. 3 months of assessments/maintenance fees of all units in the project OR
 - o 2. the sum of all cash and reserve fund monies that are in the custody of the HOA or management agent

If the HOA provides:	Then the Borrower...
Master policy that includes full insurance coverage for the individual unit (exterior and walls-in)	Does <u>not</u> require additional insurance <u>or</u> HO-6 policy.

NOTES:

- Master Policy: Need borrower info, mortgagee, loan#, Total # units
- Betterments and improvements can be included, but no longer required.
- If borrower opts for HO-6 and included in the escrows/impounds on new loan, we must follow the HO-6 requirements.

Master policy that includes coverage for the exterior unit ONLY	Must provide the walls-in coverage <u>or</u> HO-6 policy.
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NOTES:

- Master Policy - Need borrower info, mortgagee, loan#, Total # units
- HO-6 Policy requirements:
 - o Max Deductible: 5% of dwelling coverage
 - o Coverage:
 - 1. 20% of value
 - 2. Policy or remarks must indicate "replacement cost coverage". May be listed in the body of the policy, fax cover sheet, additional detail page, or other correspondence directly from insurance company.

Master policy that includes ONLY the common elements/areas

Must provide full insurance coverage for exterior and walls-in coverage or HO-3 policy

NOTES:

- Examples: Common areas, walkways, parks, BBQ, Playground, etc.
- HO3 policy required: Follow standard full coverage hazard insurance requirements
- Master Policy:
 - o Does not need borrower info, mortgagee, loan#, total # units
 - o Must indicate "common elements or areas" verbiage or something in writing from agent.

Borrower Information

- All borrowers' names match final 1003 (including suffix if applicable):
 - o Middle initial may differ.
- Name Examples:
 - o 1003 shows Michael Smith, Insurance shows Mike Smith. We need insurance updated to show Michael.
 - o 1003 shows Michael D. Smith, Insurance shows Michael Smith. We don't need insurance updated.
- All borrowers must appear on the policy.
 - o May have additional insured, if applicable (e.g., non-borrowing spouse).
 - o The name of the insured can be listed in any order, but must include our borrower(s) name.

Policy Information

- Policy Number: Required, no quotes allowed.
- Effective dates, Purchases must be on or before the funding date of the same month.
 - o Policy period must extend at least 12 months from date of closing.
- Effective dates, Refinances: Need at least 60 days remaining after the note (signing) date. If not, do one of the following:
 - o Renewal policy and collect the new premium at closing.
 - o Or collect current premium at closing.
- Premium payment: We cannot assume the premium is paid in full.
 - o We need one of the following:
 - Evidence paid in full.
 - Unpaid invoice or amount to collect at closing.
- Escrows Waived: Need written proof that account is paid current with no lates.
- Subject Property Address must match the 1003 and USPS.
- Primary Refinance Address: Mailing and subject addresses must match.

Mortgage Clause

- All branches must show corporate address:
 - o 4900 N. Scottsdale Rd. Ste. 6000

- Scottsdale, AZ 85251
- Mortgagee name: Standard: V.I.P. Mortgage, Inc., ISAOA
- Texas and California must use V.I.P. Independent Mortgage, Inc., ISAOA
- V.I.P. Loan Number must be listed on evidence.

Coverage Information

- Must indicate it's for dwelling, building or property
 - Personal property cannot be included in dwelling coverage amount
 - "Other Structures" can be included in the total dwelling coverage amount
- Must have sufficient coverage that meets one of the following:
 - Loan amount
 - Cost to build new (see appraisal page 3 "Total Estimate of Cost-New")
 - No appraisal loans = use current home value and subtract the assessed land value (from tax cert)
 - Policy or remarks must indicate "replacement cost coverage". May be listed in the body of the policy, fax cover sheet, additional detail page, or other correspondence directly from insurance company.
- Investment properties – Need at least 6 months of rent loss or needs to include "landlords" verbiage

Deductible Information

- All loans (except specialty programs) – Max deductible is 5% of dwelling coverage
- Specialty program (e.g., DPA, Bond or CHFA) – Max deductible is the lesser of 1% of the policy or \$1,000.

V.I.P. Mortgage, Inc. does not discriminate in any aspect of a credit transaction on the basis of sex, marital status, race, religion, national origin, age, income derived from public assistance, or the good faith exercise of rights under the Consumer Credit Protection Act.