



Subject: Updated CIM #47 – CSC as loss payee on HOA Master Insurance Policies	
Impacted Departments: UW, Funding, Retail, Wholesale and Correspondent Lending	Total Pages: 2
Effective Date: November, 15, 2021	

## Purpose

The purpose of this CIM is to clarify CSC's policy, which requires that, to protect our and our investors' interests, CSC must be added as loss payee on all hazard insurance policies covering the mortgaged property, including but not limited to HOA Master Insurance policies for condominiums. Our current policy in Section 23.40(G) of our Seller's Guide reads as follows:

*Each hazard insurance policy must contain or have attached the standard mortgagee clause, or, if unavailable, the standard mortgagee clause commonly accepted by private institutional mortgage investors in the area where the mortgaged properties are located. The mortgagee clause must provide that the insurer notifies CSC at least thirty (30) days before the effective date of any termination, reduction, or cancellation of the policy and any and all checks for claims should be made out in the name of the Lender and Borrower.*

*The mortgagee clause must be properly endorsed, necessary notices of transfer must be given, and any other necessary action must be taken as reasonably requested by CSC, in order to protect the interest of CSC as first mortgagee under the terms of the policy and applicable law.*

This CIM clarifies an exception to the above with respect to a condominium HOA Master hazard insurance policy that is "Walls Out" only. A "Walls Out" policy generally means that the Master HOA policy will cover damage to the common areas of the HOA, e.g. exterior walls, roofs, and other property contained inside the exterior framing, but not anything inside the mortgaged unit. Where a HOA Master policy insurance company with a "Walls Out" policy is unwilling to add CSC as an additional insured or loss payee, CSC may make an exception to this requirement so long as our mortgaged condo unit has a HO-6 insurance policy covering our individual unit which adds CSC as a loss payee or additional insured.

This exception only applies to a "Walls-Out" Master HOA hazard insurance policy. A "Walls-In" Master HOA hazard insurance policy must add CSC as a loss payee or additional insured.

As long as a Master Insurance Policy is walls out only, Acra will review the policy for the following: (1) Correct HOA name on the policy and (2) building where property is located is listed on the policy (i.e. Property address is 5000 A Street Unit 300, Lake Forest, CA 92630 and policy has 5000 A Street, Lake Forest, CA 92630).



If the Master Insurance Policy includes “Walls In”, Acra will look for a separate endorsement to the Master Insurance Policy. This endorsement will be reviewed for all Acra standard requirements for Homeowner’s Insurance.

**Impacted Departments and Personnel**

Underwriting, Funding, retail, wholesale and correspondent lending groups.

**Policy**

See Section 23:40(G) of our Seller’s Guide shared above, as clarified by this CIM.

Revision Date	Details	Legal/Compliance Approved
10/15/2021	Created by Frank Macy	Chetna Vora
11/10/2021	Revised by Chetna & Frank	Chetna Vora