

Hazard Insurance Review


Requirements & Documentation

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Document Type

- Evidence of Insurance or Declaration Page is required.
- Binders are acceptable on Purchase transactions with proof of paid receipt (must be paid in full 12 months)
- NOTE: Regardless of type of policy a Policy Number is required. In addition estimates or quotes are not acceptable.

		EVIDENCE OF PROPERTY INSURANCE		MATCA1	
				DATE (MM/DD/YYYY) 7/9/2018	
THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.					
AGENCY Weichert Insurance Agency 225 Littleton Rd Morris Plains, NJ 07950		PHONE (A/C, No, Ext): (973) 605-1555		COMPANY New Jersey Skylands Insurance Association PO Box 94566 Cleveland, OH 44101-4566	
FAX (A/C, No): (973) 540-9181		E-MAIL ADDRESS: WeichertinsuranceAgency@weichertinsurance.com			
CODE: 2902020		SUB CODE:		PO BOX 94566 Cleveland, OH 44101-4566	
225 Littleton Rd Morris Plains, NJ 07950					
FAX (A/C, No): (973) 540-9181		E-MAIL ADDRESS: WeichertinsuranceAgency@weichertinsurance.com			
CODE: 2902020		SUB CODE:			
AGENCY CUSTOMER ID #: TIMMESBR01					
INSURED Brian Timmes 1503 Wyckoff Rd Wall Township, NJ 07727		LOAN NUMBER 7013888		POLICY NUMBER B-9307577	
		EFFECTIVE DATE 7/12/2018		EXPIRATION DATE 7/12/2019	
				<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	

Name of Insured

- Borrower and if applicable Co-Borrower must be reflected
- Title only borrowers are allowed to be an insured but not required
- Entity/Trust loans, the entity name must be listed. The guarantor(s) may be an additional insured.

Property Address/Insured Location

- The Subject Property Address must be on the policy and must match the legal address, tax cert, USPS
- Variations Acceptable
 - Street type or directional indicators can be abbreviated i.e. Ave., Blvd., NW or SE etc.
 - Exceptions for Areas, such as Area of Glendale, City of Los Angeles. Either Glendale or Los Angeles are acceptable as the Subject Property's city.

Effective Dates

- Purchase
 - Policy must be effective for 12 months with a start date no more than 30 days prior to the date of Funding.
- Refinance
 - Policy must be an annual policy and cannot expire less than one month from the date of Funding.
 - If expiring, a copy of the renewal policy is required in addition to the current policy. The new policy must be a 12 month policy and must be paid through closing.

Amount of Coverage

- Single Family Residents and Detached Condos/Townhomes
 - HO3 Dwelling Coverage policy is required. Coverage must be at least the lesser of the Loan Amount, Total Estimated Cost of New from the Appraisal or the Replacement Cost Estimator (documentation required from the Insurance Agent)
 - NOTE: If the policy includes Extended or Guarantee Replacement, the insurance agent must confirm the total coverage amount
 - NOTE: A manufactured home policy is ok HOWEVER a mobile home policy is not acceptable for SFR
- Condos
 - HO6 Dwelling Coverage policy is required. Coverage must be at least 20% of the reconciled/reviewed value or purchase price (if applicable).
 - If the Master Insurance Policy includes Walls in (with Improvements and Betterments) a separate HO6 policy is not required. However an endorsement to the Master Insurance Policy is required and is reviewed for the same requirements of an HO6 policy.
- Rent Loss Coverage amount must be six times the Subject Property's rental income.
 - NOTE: Loss of Use or any other name variation must be verified by the insurance agent that it is the same as Rent Loss.
 - NOTE: Rent Loss is labeled differently sometimes. Example: Fair Rental Market Value is one in the same as Rent Loss

Amount of Coverage Continued

- Replacement Cost Estimator
 - Is acceptable as a supplement to support the Amount of Coverage on the Hazard Insurance Policy
 - Provided by the Insurance Company
 - NOTE: Replacement Cost Estimator is not allowed in Florida. As an alternative, Acra can accept a Processors Cert (if the conversation was over the phone with the Insurance Agent confirmed that the amount of coverage is up to the insurance company's replacement cost), OR a PDF email where the insurance agent confirmed the same.
 - Items to review on the Replacement Cost Estimator
 - Date – Must be within 30 days of Funding
 - Subject Property Square footage – Must be equal to or within 3% of the subject property's square footage that shows on the appraisal. (Example: Subject Property is 1000 square feet on the appraisal we can accept a Replacement Cost Estimator with square footage as low as 970.

Type of Coverage

- Acra requires Special Form coverage on all policies

Deductible

- HO3 Policy
 - Maximum deductible allowed is the lesser of 2.5% of the coverage amount or \$5,000.
- HO6 Policy
 - Maximum deductible allowed is the lesser of 1% of the coverage amount or \$3,000

Premiums

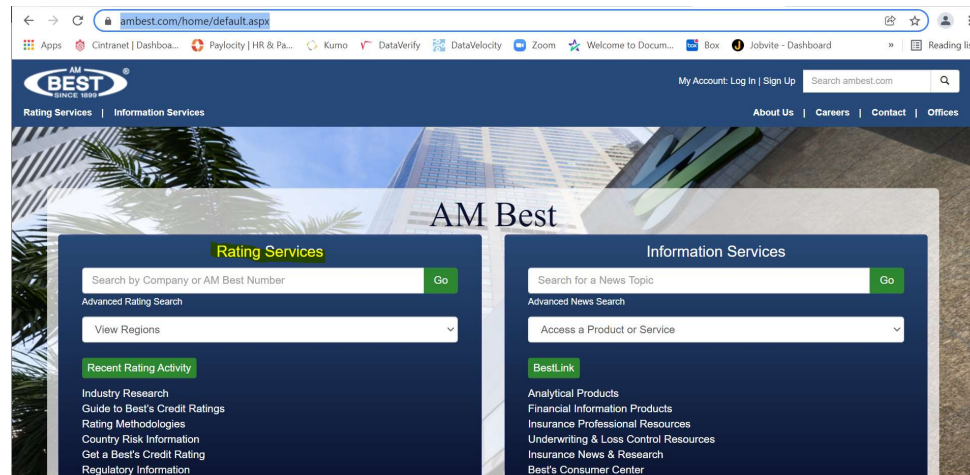
- The Insurance Policy must reflect the total annual premium
- Refinances – Insurance policy must show paid in full or proof of \$0 invoice required. If there are any outstanding premiums is must be paid in advance of Closing/Funding.
- Purchases – Insurance policy must be paid in full or paid prior to Closing/Funding.

Mortgagee Clause and Loan Number

- The Insurance Policy must reflect the following Mortgagee Clause along with Acra's Loan Number. No other party can be included.
- Mortgagee Clause
 - Citadel Servicing Corporation, ISAOA**
 - 25531 Commercentre Drive, Suite 160**
 - Lake Forest, CA 92630**
- Common errors in Mortgage Clause
 - Commerce Centre vs. Commercentre
 - Commercenter vs. Commercentre
 - 25331 vs 25531
 - Incorrect or missing suite number

Reviewing Insurance Company

- The Insurance Company must be licensed to do business in the state in which the mortgage property is located. In addition they must be rated B+/ IV in Best's Insurance Reports (or Lloyd's of London).
- Website: <https://www.ambest.com/home/default.aspx>
- NOTE: the Borrower/Guarantor (if applicable) cannot be associated with the Insurance Company



Flood Insurance

- A Flood Certificate is pulled on every loan. If a property is in a flood zone, Flood Insurance is required.
- Flood Insurance is reviewed for all of the following pieces of information (Just like Hazard Insurance)
 - Name of Insured
 - Property Address/Insured Location
 - Effective Date
 - Deductible
 - Premium
 - Mortgagee Clause
 - Review of Insurance Company
- The one item that is reviewed differently is the Amount of Coverage.
 - The amount of coverage should cover the loan amount up to a max \$250k. If loan amount exceeds \$250k generally they will not increase the coverage past this amount. HOWEVER if they do have coverage more than \$250k it is acceptable.

Condo Master Insurance Policy

- Walls Out – If the Condo Master Insurance policy is Walls out only, Acra reviews for the following:
 - 1. Correct HOA name as the Insured Party
 - 2. Building Subject Property is located in is listed on the policy
- Walls In – If the Condo Master Insurance policy also contains walls in coverage, Acra will require the following:
 - Same requirement as HO3 Policy on an endorsement to the Condo Master Insurance Policy