



## INSURANCE COMPLIANCE REQUIREMENTS

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### Step #1: Review ElmSure insurance proposal<sup>1</sup>

- ElmSure LLC ("ElmSure") has circulated an insurance proposal for review. ElmSure is an insurance agent that provides insurance agency services in connection with Loan Funder's loan programs.
- ElmSure is Loan Funder's preferred insurance provider, and the insurance proposal satisfies the Insurance Requirements.

### Step #2: Choose ElmSure option or third-party option

- ElmSure option: Loan Funder's preference is for borrower to accept ElmSure's insurance proposal. Doing so will help facilitate a smooth and efficient closing. Step 3 is not required as all ElmSure policies comply with the Insurance Requirements.
- Third-party option: Borrower may alternatively submit an insurance policy from a third-party insurance agent/carrier. However, Loan Funder may, at its discretion, not accept the third-party insurance policy and/or may require changes be made to any such proposal. Additionally, submitting a third-party insurance policy may lead to loan closing delays. If choosing this option, Step 3 is required.

### Step #3 (only for third-party options): Ensure compliance with Insurance Requirements

- For all loans, Borrower must confirm compliance by submitting a Binder with explicit, written confirmation that the Insurance Requirements are met. Our insurance consultant will review and confirm compliance.
- **Please read the Insurance Requirements for your loan type:**
  - **Bridge Loans**: Page 2 of this document.
  - **Term Loans (1 – 4 units)**: Pages 3 and 4 of this document.
  - **Term Loans (5+ units)**: Email for instructions.

### Contacts for assistance

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- **ElmSure**: sales@elmsure.com / 877-603-3083

<sup>1</sup> ElmSure and Loan Funder are affiliated companies. However, Loan Funder is not a licensed insurance broker, agent, producer or carrier in any state or jurisdiction. Loan Funder is merely forwarding the insurance proposal provided by ElmSure to the borrower in its capacity as lender and intermediary. You should contact ElmSure directly (or another licensed insurance agent/broker/producer) if you seek any advice, recommendations, or guidance with respect to the adequacy or quality of insurance coverage, as Loan Funder cannot provide such guidance. Loan Funder can only advise the borrower as to whether or not an insurance proposal satisfies Loan Funder's Insurance Requirements.



## INSURANCE REQUIREMENTS – BRIDGE LOANS

### USE ACORD FORM TO CONFIRM COMPLIANCE

	(1) Property Insurance	(2) General Liability Insurance	(3) Flood Insurance
<b>Mandatory Requirement</b>	A. Mandatory coverage	A. Mandatory coverage	A. Mandatory to obtain a Flood Zone Determination. If in a flood zone, coverage is required.
<b>AM Best Rating</b>	B. A - VIII or greater	B. A - VIII or greater	B. A - VIII or greater
<b>Demotech (FLOONLY)</b>	B. A rated only (Demotech)	B. A rated only (Demotech)	B. A rated only (Demotech)
<b>Term</b>	C. 1 year	C. 1 year	C. 1 year
<b>Limits</b>	D. 2 choices for calculating limit: – <i>Limit the Replacement Cost</i> . Use value from the Replacement Cost Estimator, OR – <i>Limit is Loan Value</i> . If Loan Value is less than Replacement Cost, you must have an Agreed Value Policy OR have zero coinsurance	D. Limit may not be less than: – \$1M for each occurrence – \$2M in the aggregate OR – \$1M for each occurrence – with no aggregate limits D. <b>GROUND UP ONLY</b> Limit may not be less than: – \$1M for each occurrence – \$1M in the aggregate	D. The greater of \$250,000 or the loan balance
<b>Deductible</b>	E. 5% of Loan Amount	E. \$1,000	E. N/A
<b>Coverage Details</b>	F. 2 policy types are accepted: – <i>Dwelling Fire</i> forms either one of the following (DP1 Basic w/ Extended coverage perils, and DP2 - Broad Form or DP3 Special) OR – <i>Commercial Property</i> . Must be "Basic" or "Special Form" G. 30-day notice for cancellation	F. Occurrence (not Claims-Made) basis for covered losses G. 30-day notice for cancellation	F. 30-day notice for cancellation
<b>Exclusions</b>	H. No windstorm / hail exclusion I. No named storm exclusion	H. N/A	G. N/A
<b>Lender's Designation</b>	J. Mortgagee	I. N/A	H. Mortgagee
<b>Lender Beneficiary</b>	▪ Superior Loan Servicing, ISAOA/ATIMA P.O. Box 390034, Minneapolis MN, 55439		
<b>Condos / Planned Unit Developments</b>	▪ May be covered under borrower's blanket coverage, so long as the general limit requirements are followed.		
<b>ADDITIONAL DOCUMENTATION</b>	▪ Send insurance certifications and paid invoices, no later than 24 hours before closing. ▪ Send final policy documents, no later than 60 days after closing.		



# INSURANCE REQUIREMENTS – TERM LOANS (FOR 1 – 4 UNITS ONLY)

USE ACORD FORM TO CONFIRM COMPLIANCE

	(1) Property Insurance	(2) General Liability Insurance	(3) Business Interruption Insurance	(4) Flood Insurance
Mandatory Requirement	K. Mandatory coverage	J. Mandatory coverage	A. Mandatory Coverage	I. Must obtain Flood Zone Determination Coverage required if in a flood zone.
AM Best Rating	L. A-VIII or greater	K. A-VIII or greater	B. A-VIII or greater	J. A-VIII or greater
Demotech (FL ONLY)	L. A rated only (Demotech)	K. A rated only (Demotech)	B. A rated only (Demotech)	J. A rated only (Demotech)
Term	M. 1 year	L. 1 year	C. 1 year	K. 1 year
Limits	<i>N. If Replacement Cost estimator is greater than Loan Value. Use the greater of 80% of the Replacement Cost of the Loan Value</i> <i>O. If Replacement Cost is less than Loan Value. Use Replacement Cost estimator</i>	M. Limit may not be less than: - \$500,000 for each occurrence - \$1,000,000 in the aggregate Or - \$500k for each occurrence - with no aggregate limits	D. One year of effective gross revenue Or ALS (Actual Loss Sustained)	L. The greater of \$250,000 or the loan balance <b>Should the Servicer be Selene:</b> Flood Coverage must be the lower of UPB or Replacement Cost (Appraisal or RC estimator)
Deductible	P. 5% of Loan Amount	N. \$1,000	E. N/A	M. N/A
Coverage Details	Q. 2 policy types are accepted: - <i>Dwelling Fire</i> forms either one of the following (DP1 Basic w/ Extended coverage perils, and DP2 - Broad Form or DP3 Special) OR - <i>Commercial Property</i> . Must be "Basic" or "Special Form" R. 30-day notice for cancellation	O. Occurrence (not Claims-Made) basis for losses P. 30-day notice for cancellation	F. Provision for Actual Loss Sustained basis is acceptable G. 30-day notice for cancellation	N. 30-day notice for cancellation
Exclusions	S. No windstorm/hail exclusion T. No named storm exclusion	Q. N/A	H. N/A	O. N/A
Lender's Designation	U. Mortgagee	R. N/A	I. Mortgagee	P. Mortgagee
Lender Beneficiary	• Varies			
Condos	• Blanket policy may be used if it allows the individual Unit to be included in coverage. • Homeowner association maintains an "all risk" coverage for common areas, fixtures, personal property, equipment at 100% of their insurable value on a replacement cost basis.			
Planned Unit Developments	• Project's blanket policy may be used if it allows the individual Unit to be included in coverage. • Homeowner association maintains an "all risk" coverage for common areas, fixtures, personal property, equipment at 100% of their insurable value on a replacement cost basis.			
ADDITIONAL DOCUMENTATION	• Send insurance certifications and paid invoices, no later than 24 hours before closing. • Send final policy documents, no later than 60 days after closing. • Borrower must notify carrier if property becomes vacant or unoccupied and obtain a vacancy permit from the insurance carrier for the entire period of vacancy.			

THESE REQUIREMENTS ARE FOR 1 – 4 UNIT PROPERTIES ONLY. FOR 5+ UNIT PROPERTIES CONTACT YOUR ELMSURE REP