

HOMEOWNERS INSURANCE REQUIREMENTS

SFR/DETACHED PUD

HO3 Policy (Homeowners Insurance Policy) Requirements

- Dwelling coverage must equal greater of Loan amount, **OR** cost to rebuild improvements as indicated by a cost estimator provided by property insurer.
- If dwelling coverage is less than the loan amount, a cost estimator issued by property insurer (Insurance Company) must be obtained. Insurance coverage must be equal to or greater than cost to build, per cost estimator, **OR**
- Insurance may indicate 100% Guaranteed Replacement Cost, which will be acceptable, **OR**
- Extended Replacement Cost: Policy will indicate percentage amount of coverage over dwelling coverage (i.e. 125% or 150% of dwelling coverage) If that higher amount is equal to or greater than subject property loan amount, insurance coverage is acceptable.
- In situations of high LTV loans, where the loan amount is often lower than the cost to rebuild, a cost estimator provided by property insurer is required.
- Deductible cannot exceed more than 5% of the dwelling coverage amount, or \$5000, whichever is less.
- 90 days coverage required at time of CTC.
- Loss Payee and Loan Number are required on Declarations Page (PTF).
- Policy must be for correct occupancy type i.e. policy will reference policy type as rental. If owner occupied policy will not reference rental dwelling.
- Weslend will accept a declaration page satisfying the above coverage requirements at PTD, but will require proof of premium paid in full at closing (PTF).

Comments & Exceptions:

****We do not use Cost Approach from Appraisal Report.**

**** All JUMBO or Investor loan programs require Cost Estimator**

ATTACHED CONDOS & ATTACHED PUDs (HOA covers the building dwelling)

- HOA Certificate of Insurance with Building Dwelling Coverage and Certificate of Liability with minimum of \$1 MM Liability Coverage (May be combined into one policy).
- 90 days coverage required at time of CTC.
- Fidelity Bond/Employment Dishonesty on 21 units or more. Coverage Calculation is: (# of units) X (HOA Fee) X 3 (3 Months Reserves). Exceptions allowing a lower amount may apply - see Fidelity Bond/Employment Dishonesty Exception Questionnaire.
- HO6 is not required if "Walls In includes **Improvements and Betterments**" (FNMA policy).
- Separate HO6 is required if HOA Master Policy does not state "Walls In includes **Improvements and Betterments**".
- HO6 deductible cannot exceed more than 5% of HO6 dwelling coverage amount, or \$5000, whichever is less.

Mortgage Professional Use ONLY. Not for consumer distribution. Subject to change without notice. Other restrictions may apply.

DETACHED CONDO (HOA doesn't cover the building) Common Areas Only

- HO3 Policy for Individual Unit - See SFR requirements above.

*** All PUDS: Fidelity Bond Not Required.**

*Premium Amount must be paid in full or paid at time of closing on all HO3 and HO6.

**Policy Term must be 12 months on Purchase (Refinance transactions may extend policy up to 3 months if needed).

FLOOD INSURANCE REQUIREMENTS

SFR/DETACHED PUD

- Flood Dwelling Coverage must equal \$250,000 (max amount FEMA allows).
- Deductible cannot exceed more than 5% or \$5000 whichever is less.
- 120 days coverage required at time of CTC.
- Policy must be issued by FEMA/NFIP.
- Policy must show Flood Zone Type.
- Premium must be paid in full prior Closing.
- Coinsurance must be waived.

ATTACHED CONDO/ PUD, DETACHED CONDO (HOA covers the portion of Flood building dwelling)

- The HOA must maintain its own Flood Policy. (Borrower cannot obtain their own individual policy only).
- Building Dwelling Coverage Amount must equal to \$250,000 per unit within the project.
(# of units within the project/ dollar amount of Project Building Dwelling Coverage).
- If per unit coverage is less than \$250K, borrower must obtain additional coverage to supplement the difference.
- If additional individual coverage is required, premium must be paid in full prior Closing.
- Coinsurance must be waived.

LOSS PAYEE:

Weslend Financial Corp.

ISAOA

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