

All loan types:

HOI must be in the borrower's name, NPS' can be on the policy but are not required.

Property Address must match the subject property address on the Note.

Inception date must be prior to **or the date of** closing date and be good for 12 months **from inception to expiration**. HOI policy is acceptable if dated for the prior month if the closer sets up the escrow account accordingly.

Coverage must be equal to or the lesser of the following:

- 100% of the insurable value of the improvements as established by the property insurer **(the RCE - Replacement Cost Estimate - must be protected in the file under HAZARD INSURANCE POLICY);** or
- **OUR LOAN AMOUNT** - 80% of the insurable value of the improvements and **includes REPLACEMENT COST COVERAGE; the RCE must be in the file and the policy must clearly state that Replacement Cost Coverage is included.** If it does not, then the coverage that **covers the loan amount** must be obtained.

DEDUCTIBLE - Deductibles cannot exceed 5% of the dwelling coverage. Windstorm, Hail, and/or Hurricane coverage deductibles (whether included in the homeowner's policy or written under a separate policy) cannot exceed 5% of the dwelling coverage, unless a higher deductible is required by state law.

- USDA max deductible is 1% of the dwelling coverage with a max of \$1000 or the minimum deductible offered by the insurance provider.

Condominiums/HO-6:

The coverage amount must be at least 20% of the total appraised value or the replacement cost.

The condominium policy must state our borrower's name and unit number on the policy provided by the insurance company.