

# HAZARD INSURANCE AUTHORIZATION, REQUIREMENTS AND DISCLOSURE

Borrower(s):

Date:

Loan Number:

Property Address:

Lender/Broker:

Loan Originator:

**License #:**

**NMLS #:**

Listed below are your Lender's policies and procedures and minimum requirements for Hazard Insurance which must be provided covering the subject property unless otherwise provided by applicable state law:

- Coverage must equal the lesser of the following:
  - 100% of the insurable value of the improvements, as established by the property insurer, or
  - the unpaid principal balance of the mortgage, as long as it equals the minimum amount--80% of the insurable value of the improvements--required to compensate for damage or loss on a replacement cost basis. If it does not, then coverage that does provide the minimum required amount must be obtained.
- The insurance company providing coverage must have an "A" rating or better in the latest edition of "Best's Insurance Guide," must be licensed in the State in which the property described above is located, and must be licensed to transact the lines of insurance required in the transaction.
- Policy shall provide at least "Broad Form" coverage on properties of one to four units, and at least "Vandalism & Malicious Mischief" on properties with over four units, with no deviation. Homeowners policies must provide coverage equal to "HO 2" form.
- The maximum deductible must not exceed **5.000%** of the face amount of the insurance policy.
- Policy must provide coverage for a term of at least one year. Premiums may be paid on an annual installment basis only if the policy provides that the Lender will be notified in writing of cancellation 30 days prior to expiration of coverage, for any cause. Binders are not acceptable, unless otherwise mandated by state law.
- If any existing policy is provided which will expire within six months from the date of the recording of this loan, said policy must be renewed for the required term as noted in #5 above.
- All forms and endorsements pertaining to the Lender's requirements must appear on the "Declaration Page" of the policy.
- New policies must be accompanied by a signed "Broker of Record Authorization" if borrower(s) have changed Insurance Agents.
- Verification of renewal of insurance policies must be in the Lender's office at least thirty days prior to the expiration date of the existing policy. If this requirement is not met, the LENDER OR ITS SUCCESSORS OR ASSIGNS MAY AT THEIR OPTION, BUT WITHOUT OBLIGATION TO DO SO, PROVIDE COVERAGE TO REPLACE ANY EXPIRING POLICIES WHICH HAVE NOT BEEN PROPERLY RENEWED. The premium for such coverage will be remitted promptly by the undersigned, or Lender may charge borrower's account for the cost thereof.
- The policy must include a standard "mortgagee loss payee clause" (Lenders Loss Payable Endorsement form 438 BFU or equivalent) in favor of:

**BANKSOUTH MORTGAGE COMPANY, LLC ISAOA/ATIMA  
3290 NORTHSIDE PARKWAY NW, SUITE 600  
ATLANTA, GA. 30327**

- Property address and insureds' names must be designated on the policy as on the ALTA Title Policy.
- The Lender's loan number must appear on the policy and any subsequent endorsements.
- Effective date of new policies, endorsements, and/or assignments shall be as of, or prior to, the date of recording this loan.
- If the security property is a condominium, the master insurance policy must contain a minimum of \$1,000,000.00 coverage for "Directors & Officers" liability as well as "walls-in" coverage policy (commonly known as HO-6 policy).

**LOAN #:**

The policy must include replacement of improvements and betterment coverage to cover any improvements that you may have made to the unit. A copy of the master policy must be submitted to the Lender prior to funding.

AN ACCEPTABLE POLICY, WITH ENDORSEMENTS AND/OR ASSIGNMENTS, MUST BE FORWARDED TO AND RECEIVED BY LENDER BEFORE THIS LOAN CAN BE FUNDED: OTHERWISE, LENDER MAY BE FORCED TO PLACE INTERIM COVERAGE ON THE PROPERTY AT AN ADDITIONAL COST TO THE BORROWER(S).

Each of the undersigned acknowledges that he or she has read and understands the foregoing provisions and insurance requirements. This authorization will remain irrevocable for the undersigned as owner(s) of the subject property, and for any assignees, for as long as this loan remains on subject property.

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**DATE**