

Mortgagee Clause	▪ Mortgagee Clause First Colony Mortgage Corporation It's Successors and/or Assigns ATIMA 500 East Park Avenue, Suite 900 Orem, UT 84097
Evidence of Policy Payment / Renewal Requirements	▪ Purchase Transactions: ▫ For purchase transactions, the closing file must contain a declarations page with an effective date on or before the closing date along with a paid receipt for one year. Evidence of payment may include: • Paid Receipt from the insurance agent. • Premium itemized as paid on the CD. • Zero balance shown on the declarations page. ▫ Effective date should not be more than 10 days aged. ▫ Sufficient impounds must be collected to renew coverage at the due date. ▪ Refinance Transactions: ▫ Sufficient evidence that the current annual policy premium has been paid in full is required on all refinance transactions. ▫ If waiving escrows evidence that the policy is paid "current" through date of closing, or later, must be provided. ▫ If policy expires prior to the first payment date, the policy must be renewed for a minimum of 12 months. ▫ If a renewal policy is not available, 120% of the current policy premium should be collected and paid to the insurance agent at closing. ▫ If policy expires within 30 days of closing, a renewal policy must be provided evidencing acceptable effective dates and coverage, and renewal premium must be collected and paid to the insurance agent at closing; OR provide evidence the renewal premium has already been paid. ▫ If policy expires less than 30 days from the First Colony Mortgage Corporation purchase date (correspondent loans), an acceptable renewal declarations page will be required along with evidence the renewal premium has been paid in full. If the premium is disbursed from the escrow account, the correspondent must provide a current pay history. ▫ If escrowed, sufficient impounds must be collected to renew coverage at the due date. Additionally, First Colony Mortgage Corporation requires a 2-month cushion in escrow.
Escrow Waivers (If Applicable)	▪ The requirement for an escrow account / impound account for the payment of property taxes and property insurance (except for flood insurance) may be waived or partially waived if all of the following conditions are met. ▫ Conventional loans only ▫ LTV 80% or less (LTV 90% or less in state of CA) ▫ Lock to reflect waived escrows ▫ Escrow Waiver Agreement signed by borrower(s) at closing ▪ In accordance with agency guidelines, First Colony Mortgage Corporation will require an escrow / impound account to be established for the payment of flood insurance premiums on all properties located in a flood zone. This requirement is effective regardless of LTV.
General Requirements	▪ At least one of the borrowers must be listed as the insured on the insurance policy and name must match the note. The property address must match the appraisal, note and security instrument. ▪ Insurance policies that provide for claims to be settled on an actual cash value basis are not acceptable. ▪ All policies must cover a full 12-month period. ▪ Acceptable evidence of insurance includes: ▫ Declarations page ▫ Certificate of Insurance ▫ Insurance Binder

Property Insurance Requirements	First Colony Mortgage Corporation conforms to Fannie Mae Guidelines for Property, Flood, and Project insurance requirements.
Special Notes Regarding Flood Insurance	Unless stated otherwise in this section, First Colony Mortgage Corporation follows the applicable Agency guidelines with respect to flood insurance requirements. Minimum Coverage Amount – Defining Replacement Cost Value - Regarding coverage requirement of 100% of the replacement cost of the insurable value of the improvements, (also known as 100% replacement cost, or RCV) the insurable value of the improvements is determined using the greater of the values established by the hazard insurance provider or the flood insurance provider. Maximum Allowable Deductible for Flood Insurance on properties in a project development: - Maximum deductible for a master blanket policy is \$25,000. - Deductibles for master project and individual dwelling flood insurance policies must meet NFIP requirements for the type of improvements insured unless state law requires a higher maximum deductible amount. This requirement applies to both NFIP and private policies. PRIVATE FLOOD INSURANCE REQUIREMENTS – Effective July 1, 2019 All private flood insurance policies must contain a statement or endorsement exactly as follows: “This policy meets the definition of private flood insurance coverage contained in 42 U.S.C. 4012a(b)(7) and the corresponding regulation.”
<u>USDA/RD</u> Specific Property Insurance Requirements	USDA/RD has specific coverage and deductible requirements that must be met. HAZARD INSURANCE Required Coverage Amount - Replacement cost coverage in an amount equal to the insured value of the improvements or the unpaid principal balance. Maximum Deductible - Cannot exceed the greater of either \$1,000 or 1% of policy coverage. FLOOD INSURANCE Required Coverage Amount - Flood insurance must cover the lesser of the outstanding principal balance of the loan or the maximum amount of coverage allowed under FEMA’s National Flood Insurance Program (NFIP). Maximum Deductible - Unless a higher amount is required by state or federal law (which includes FEMA policies), the maximum deductible for a flood insurance policy should not exceed the greater of \$1,000 or 1% of the face amount of the policy.