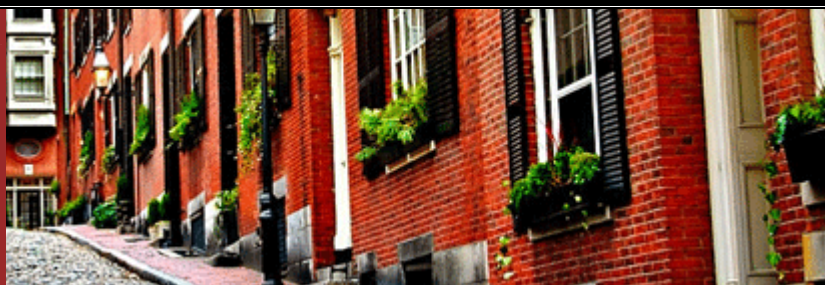


Home Savings of America

Wholesale Lending

BROKER BULLETIN



For more information and product guidelines, click on:

www.hsoawholesale.com

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Our Privilege.

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Summary

Effective immediately the requirements for hazard insurance coverage have been updated. The requirements for proof of hazard insurance coverage have not changed and are listed in our Product Summaries

Details

The following coverage is required. The binder/declaration page must list the following:

Guaranteed replacement cost:

- no further action required

OR

Replacement cost:

- need agent to provide **insurable** value
- coverage must be at least the amount of the insurable value

OR

Extended replacement cost:

- need agent to provide **insurable** value
- amount of extended coverage (typically 25% above the stated coverage amount) must be at least the insurable value.

Loan amount or appraised value has NO BEARING on the hazard insurance amount.

Examples:

Loan Amount	Insurance Coverage	Insurance Amount	Insurable Value	Acceptable?
\$350,000	Guaranteed Replacement	\$275,000	Not required	Yes, guaranteed replacement is ALWAYS sufficient, regardless of loan amount
\$275,000	Replacement Cost	\$225,000	\$225,000	Yes. The insurance amount is equal to the insurable VALUE
\$135,000	Replacement Cost	\$200,000	\$225,000	No, the insurance amount must be

				at least the same as the insurable value, even if the loan amount is less than the insurance coverage
\$350,000	Replacement Cost	\$225,000	\$225,000	Yes. The insurance amount is equal to the insurable VALUE; loan amount of the insurable value is not required to be insured
\$275,000	Replacement Cost	\$225,000	\$265,000	NO. The insurance amount is LESS THAN the insurable amount
\$187,000	Extended replacement Cost	\$110,000 + 25% extended coverage = \$137,500	\$135,000	Yes. The extended coverage amount is greater than the insurable amount.
\$195,000	Extended replacement cost	\$160,000 + 25% extended coverage = \$200,000	\$201,000	NO. The total insurance amount is LESS THAN the insurable value

The insurable value may or may not be listed on the binder or declaration page. You will need to contact the insurance agent to obtain the insurable value.

HSOA will accept the following documentation to support insurable value:

- Insurable value listed on the binder or declaration page
- Letter or email from insurance agent, on letterhead referencing the property and declaring the insurable value.

Locks/Pipeline

All loan products

Questions

If you have any questions, contact your Community Banker.

Home Savings of America
35 East Broadway Little Falls, MN 56345

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