

# Mortgage

## **Mortgage Life and Disability**

Mortgage Life and Disability Insurance is a type of Insurance Product that protects the Insured in the event of Death or Disability during the Policy Period. To be eligible, an applicant must have a mortgage loan with the Financial Institution. Most carriers will underwrite the Life Benefit, from \$10,000 to \$300,000 depending upon age of applicant.

Generally, you will have single and joint coverage available. Smokers and Non-smokers rates are common. A simple application is provided with certain Health Questions similar to Credit Insurance. Upon approval and premium payment, coverage begins. Rates are age based for Life Insurance and will be dependent upon the amount financed, single or joint coverage and smoker or non-smoker. Disability benefits normally have a maximum limit of around \$1250 per month with a 30 day elimination period. A larger benefit may be available with a 90 day elimination period. Disability rates are based on a fixed amount per \$100 of monthly payment.

## **Forced Place Fire**

This is coverage that protects properties when borrowers fail to obtain insurance. It typically provides all risk hazard insurance including wind, for residential properties and REO and mobile homes as well as named perils coverage for commercial properties. It is generally written on a Master Policy and would name the lender as the insured providing instant binding authority. Tracking can be done “in house” or outsourced depending upon portfolio size. Reporting methods available are Internet applications, file exchange data systems and manual options. Optional coverages include flood, liability, all risk commercial, automatic coverage endorsement and terrorism.

## **Forced Place Flood**

This is coverage that protects residential, commercial, REO and Mobile Home properties located in mandatory Flood Zones. Coverage limits mirror the NFIP Program with immediate coverage available during the mandatory 45 day notification period. It is typically written under a master policy, names the Lender as the Insured and provides instant binding authority. The coverage is the peril of flood for residential and commercial prosperities. Optional coverages are available, i.e. automatic coverage endorsement. Reporting methods available are Internet applications, file exchange data systems and manual options.

## **Blanket Coverage**

A Blanket Policy is available for hazard coverage for lenders who want to eliminate hazard insurance follow up on Residential and Commercial Properties. Lenders only need to verify borrower's insurance at loan closing. Should borrowers insurance lapse, the coverage responds if uninsured physical damage occurs to a mortgaged property. The loan does not typically need to be in default or foreclosure.

Annual Premiums are based upon:

- Portfolio Size
- Lending Activity
- Geographic Spread
- Loan Paper

A form of this Blanket Coverage is also available for second mortgages and Home Equity Portfolio.

## **Errors and Omissions**

A comprehensive Errors and Omissions Policy is also common for the Mortgage Lending Department. This coverage provides a safety net for unknown or unexpected losses, which includes protection from Errors and Omissions that can occur in the day to day origination and servicing of loans. Coverage includes physical damage, as well as Errors and Omissions related to liability and handling borrowers Insurance, Real Estate tax liability, processing of Life and Disability Coverage, failure to determine property was located in a Flood Zone and loss of secondary market guarantees to name a few.

## **Retail Flood Program**

Retail Flood Products are available for those Financial Institutions that need a source to buy a standard NFIP Flood Policy. Excess Flood coverage is also available.

## **Flood Determinations**

Life of loan determinations is available with instantaneous returns in most cases.

## **Real Estate Owned Properties**

This is Hazard Coverage for those Real Estate Properties owned by the Financial Institution. All Risk Coverage is available on reporting basis for Residential and Commercial Foreclosed / REO Properties.

Written on a Master Policy naming the Financial Institution as Insured, REO Coverage provides Lenders with instant binding authority. Optional coverages available are Flood, Commercial All Risk, Commercial Loss of Rent and Premises Liability to name a few.

Various forms of reporting are available to include Internet applications, file exchange, and manual options.