



# MORTGAGE IMPAIRMENT

**Mortgage Impairment** protection enhances a mortgage holder's errors and omissions (E&O) policy by providing the broadest coverage available as a separate policy. The supplemental coverage is designed to cover losses not typically covered by basic mortgage holder E&O policies.

## STANDARD COVERAGE

**Hazard and Flood Protection** covers losses not paid by borrower's primary insurance that was verified at closing due to:

- Underinsured borrower policies
- Incorrect borrower coverage (e.g. liability only)
- Primary carrier refusal to pay (e.g. borrower theft, damage, arson, or vacancy)

Coverage under this section also applies to a foreclosed property through the entire foreclosure process. Coverage ceases 90 days after the financial institution takes title to the property.

**Procuring and Maintaining Protection** provides hazard and flood protection from losses due to unintentional errors and omissions made during the normal course of business when obtaining or tracking borrower insurance policies including:

- Inadvertent failure to force place coverage upon cancellation notice
- Failure to place coverage on expired borrower policies
- Errors made in procuring or maintaining flood insurance
- Failure to collect insurance at closing

**Real Estate Tax, Life & Disability Insurance, and Flood Disaster Act Liability Protection** cover losses due to:

- Negligence, error, or omission to pay real estate taxes (penalties, interest and legal expense)
- Errors made in flood zone determinations resulting in lack of flood insurance
- Errors in procuring, maintaining, or failing to procure or maintain valid life and disability insurance for the borrower

**Balance of Perils Protection** applies to a broad range of hazard or flood losses not required from the borrower at closing and not normally included in standard E&O Policies. All risk coverage includes, but is not limited to:

- Flood loss to a property that is not in a flood zone
- Loan balances in excess of NFIP flood limits
- Collapse
- Landslide or Subsidence
- Dam break, wave wash or tsunami
- Surface and subsurface waters (e.g. water backup, leaking, seepage, etc.)
- Weight of rain, ice or snow
- Theft and/or Vandalism (vacant or occupied)
- Falling trees or falling debris from another building
- Furnace or boiler explosion

**Mortgage Guarantee Backing Protection** covers losses due to accidental failure to notify the guaranteeing agencies like VA, FHA, SBA, etc. of mortgage payments that are in arrears within the notice period required by each agency. This coverage will also cover a loss of GNMA guarantee upon:

- Failure to pay guarantee fees when due
- Failure to certify compliance with all GNMA procedures
- Failure to comply with GNMA procedures