



Property (Hazard) Insurance Job Aid

Conventional 1-4 units

Property insurance policies for one- to four-unit properties should be written on a "Special" coverage form or equivalent. At a minimum, the coverage must cover your loan amount or a provided Replacement Cost Estimator "RCE" and include all the perils listed below. When a single company cannot cover all areas needed, sometime the loan may require a second policy to cover the additional coverages needed. Example: fire (may require a California Fair Plan policy)

Conventional 1-4 units

Property insurance policies for one- to four-unit properties should be written on a "Special" coverage form or equivalent. At a minimum, the coverage must include all the perils listed below;

○ Fire or lightning ○ Explosion ○ Windstorm ○ Hail	○ Smoke ○ Aircraft ○ Vehicles ○ Riot or civil commotion
--	---

Conventional Condo

Master property insurance coverage policies covering project developments should be written on a "Special" coverage form or equivalent. At a minimum, the coverage must include all the perils listed below;

○ Fire or lightning ○ Explosion ○ Windstorm ○ Hail ○ Smoke ○ Aircraft ○ Vehicles ○ Riot or civil commotion	○ Vandalism ○ Sprinkler leakage ○ Sinkhole collapse ○ Volcanic eruption ○ Falling objects ○ Weight of snow, ice or sleet, or water damage
--	---

Maximum Deductible

5% of the amount of coverage on the policy



PUD/Condos (with a Master Policy)

Understanding Hazard requirements for PUD/Condos can get confusing. The below are different scenarios for PUD/Condos for master HOA policies and HO6 needed:

- **Scenario:** HOA master policy only covers the outside of the structure (bare walls) from stucco to drywall and does not include windows or doors.
- **Requirement:** HO6 policy for walls-in coverage is required. The amount of coverage determined by the insurance company is considered sufficient coverage.
-
- **Scenario:** HOA master policy covers the outside of the structure and walls-in excluding betterments and improvements. The exclusion of betterments and improvements indicates that the structure will be rebuilt to its original condition at the time of initial construction.
- **Requirement:** HO6 policy for walls-in coverage is required. The amount of coverage determined by the insurance company is considered sufficient coverage.
- **Scenario:** HOA master policy covers the outside structure and walls-in including betterments and improvements. The inclusion of the betterments and improvements indicated that the entire structure will be rebuilt to the property condition prior to the loss.
- **Requirement:** HO6 policy for walls-in coverage is NOT required
- **Scenario:** HOA master policy only covers common areas and no structural coverage.
- **Requirement:** A standard HO3 policy is required to cover the entire structure.