

Initial Flood Determination

Western Bancorp will order a flood certification to verify whether or not the structures on the subject property are located in an SFHA by using the Standard Flood Hazard Determination form endorsed by FEMA as mandated by federal flood insurance purchase requirements. SFHAs are shaded on a Flood Hazard Boundary Map and designated on a Flood Insurance Rate Map (FIRM). All flood zones beginning with the letter “A” or “V” are considered SFHAs.

If it is determined by the flood certification that any part of the subject property is in a flood zone, Western Bancorp must notify the borrower of the requirement of mandatory Flood Insurance prior to signing final loan documents.

Flood insurance coverage is required for all residential buildings on the mortgaged premises if any part of the structure is located within an SFHA.

AGENCY PROGRAMS (2)	
<i>If...</i>	<i>Then...</i>
Any part of the principal structure on a the subject property is located in an SFHA	Is required
A non-residential detached structure attached to the land on the subject property has any part located in an SFHA	Is not required on the non-residential detached structure
A residential detached structure on a property securing the subject property has any part located in an SFHA (1)	Is required on the residential detached structure
NON-AGENCY/JUMBO PROGRAMS	
<i>If....</i>	<i>Then...</i>
Any part of the principal structure on a the subject property is located in an SFHA	Is required
A non-residential detached structure is attached to the land, was given a value (as reported on the appraisal) of \$10,0000 or more, serves as part of the security for the loan, and has any part located in an SFHA	Is required on the non-residential detached structure
A non-residential detached structure is attached to the land, was given a value (as report on the appraisal) of less than \$10,000 and has any part located in an SFHA	Is not required on the non-residential detached structure
A residential detached structure on a property securing the subject property has any part located in an SFHA(1)	Is required on the residential detached structure
(1) Definition of a residential structure: A structure generally serves as a residence if it includes sleeping, bathroom or kitchen facilities. A structure with more than one of these facilities would may serve as an individual’s residence. At structure with only one of these facilities would render the structure non-residential. (2) Conventional loans require flood insurance, when the property improvements are located in a special flood hazard are zones beginning with the letters “A” or “V”.	

Policy Requirements

- standard policy issued under the NFIP or by a private insurer
- If the community in which the subject property is located is either non-participating, or suspended, the loan is not eligible for financing
- Policy Form/Type should read:
 - G=General Property Type
 - DP= Dwelling Property Type
 - PRP= Preferred Risk Eligibility Extension Policy
- Must accurately identify flood zone risk. Example, a policy for Zone X is not acceptable if the property is in a SFHA of AF, however a policy reflecting “AE” vs “A10” is acceptable.

Minimum Coverage Requirements

The minimum required amount of flood coverage amount is the lessor of the following three values:

1. FEMA Maximum Coverage Amount Available

- \$250,000 Regular Program
- \$35,000 Emergency Program
- \$500,000 for 5 or more non-condo family structure where policy is owner is an HOA.

2. Total of outstanding liens,

- New loan note amount
- Balance of any outstanding loans
- Commitment Amount of any outstanding Equity Lines

3. Replacement Cost Value of the Structure **is the greater of** the below values:

- Appraisal – Total Estimated Cost New from the cost approach section of the appraisal:
Less line amount for clearly identified uninsurable. These are recorded on one of the section blank lines with a total,

Maximum Allowable FEMA Deductible

- \$10,000 for a single family one-four unit dwelling
- \$25,000 for a condominium

Ineligible

- Risk or “all risk” or GAP policies are not eligible

Impounds

Western Bancorp will require an impound account, regardless of LTV for all 1-4, Site Condos and PUDs (attached/detached)

Effective and Expiration Dates

Purchase Transactions—the policy must provide for ALL of the following:

- Be in effect as of the funding date
- Must include effective date and expiration date
- Extend and be paid for minimum 12 months from the date of closing
- Annual Premium only

Refinance Transactions—New or Existing policy is acceptable and must provide for ALL of the following:

- In effect as of loan funding date
- Existing coverage extends a minimum of 90 calendar days beyond the closing date by Western Bancorp

D. LENDER'S LOSS PAYEE

Western Bancorp, its successors and/or assigns
5671 Santa Teresa Blvd, Suite 100 San Jose, CA 95123