



LENDER PLACED and FORECLOSED PROPERTY POLICY *Loss Examples*



Lender requires hazard insurance on the mortgaged property. The lender discovers the policy is not in force and sends notice to the borrower to provide proof of insurance on the property. A fire occurs and destroys the structure. The lender may suffer a financial loss.



Lender is informed of a fire loss to mortgaged property. The loss occurred 60 days ago. The lender attempted to report the fire to the insurer whom the borrower had and discovered the policy was cancelled four (4) months ago. The lender may suffer a financial loss.



Lender determines the mortgaged property is in a special flood hazard area. The lender sends notice to the borrower that flood insurance must be obtained. The borrower fails to obtain the required insurance. Forty days of rain causes a flood totally inundating the property and the structure is destroyed. The lender may suffer a financial loss.



Lender forecloses on residential property. This property cannot be covered under the lender's first party property insurance. A tornado hits the property causing extensive damage. The lender may suffer a financial loss.



Lender forecloses on a property. A prospective buyer is inspecting the property, and trips on a loose step and gets injured. The lender may be held liable and suffer a financial loss.

This document contains examples which are offered for illustrative purposes only. Only the insurance policy can give actual terms, coverage, amount, conditions and exclusions for an insured. Coverages, features and product availability may vary from state by state and is subject to change without notice.