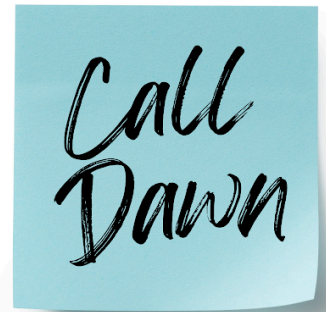




Hazard Insurance

While you might passionately express your attachment to your home, it's essential to remember that, to your lender, your home is primarily collateral for your loan. In the event of a default (which we hope won't happen), your lender will depend on the value of your home to recover their investment. This is why lenders are particularly interested in ensuring you have adequate insurance coverage to either repair any damage or settle your mortgage if disaster strikes.



So, what type of insurance do you need? Commonly referred to as “homeowner’s insurance,” “hazard insurance,” or “fire insurance,” these terms all describe the same essential coverage. Most loan agreements require you to insure your home for 100% of its reconstruction cost or at least the outstanding loan balance, typically with no more than a 5% deductible. However, insurance requirements can vary depending on the type of loan you choose.

For condo buyers, homeowners' association (HOA) fees usually include insurance for the building's structure and exterior, meaning you'll need to secure coverage for the interior with an “HO6” policy. If you're purchasing a rental property, your insurance must also include six months of “rent loss” coverage, which is relatively inexpensive and compensates you for any lost rental income while the property is uninhabitable due to a claim.

What additional benefits does homeowner's insurance provide? Your policy will generally cover personal property losses from disasters or theft and include liability protection for accidents that occur on your property. However, typical homeowner's insurance policies often exclude coverage for floods, termites, mold, earthquakes, war, and terrorism. You can discuss options for additional coverage with your insurance agent.

Feel free to work with any agent you prefer, or let us know if you'd like a referral.

Tip: When getting quotes, consider asking multiple agents for both home and auto insurance quotes. Bundling policies often lead to significant discounts!

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