



Insurance

2018 Asset Management & Operations Servicer Workshop

Waiver Best Practices

Insurance, Part I

Insurance Waiver Request

Submitted by (Name) :

Submission Date :

Policy Effective Year : *

Waiver Type : *

Insurance Type *	PAW/New *	Insurance Term *	Policy Exp Date	Premium	Waiver Status	+/-
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Seller Servicer Analysis *

Please include description of coverage required, the coverage proposed, and the discrepancy. Also include information about attempts to obtain compliant coverage or various other levels of proposed coverage, including quotes. Include any other relevant information about the property.

Spell Check

Seller Servicer Justification and Decision *

Please provide your recommendation to approve request and why. Justification should include, but not be limited to: information about material impact on property financial performance, mitigants to the coverage shortfall and supporting information on the financial strength of the Borrower/Sponsor. Please refrain from repeating information from Analysis section.

Spell Check

Insurance Waiver Request

Submitted by (Name) : _____ Submission Date : _____

Policy Effective Year : * Waiver Type : *

Insurance Type *	PAW/New *	Insurance Term *	Policy Exp Date	Premium	Waiver Status +/-
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Seller/Service Analysis

- » Include a description of coverage required, the coverage proposed, and the discrepancy
- » Include information about attempts to obtain compliant coverage or various other levels of proposed coverage, including quotes
- » Include any other relevant information about the property

Seller/Service Justification and Decision

- » Provide your recommendation to approve request and why
- » Justification should include
 - Information about material impact on property financial performance
 - Mitigants to the coverage shortfall
 - Supporting information on the financial strength of the Borrower/Sponsor
- » Refrain from repeating information from Analysis section

Waiver Process

Insurance, Part II

- New Origination waivers
 - » Underwriters involved at every step
 - » 2 review/approval steps
 - Freddie Mac Insurance Team recommendation
 - Freddie Mac Underwriter final approval
 - » Timing of processing of records
 - Waivers final by rate-lock
 - 1133 Delivery records final by Seller loan close
 - » Coverage changes after approval but before closing
 - Collaborate with your origination team

- Renewal waivers
 - » Review/approval by AMO – Insurance team
 - » Portfolio loans
 - » Loans destined for sale/securitization
 - » Securitization due diligence
 - » What if compliance issues are missed at Origination?
- Summary Update
- Public Notes

- Master Servicer procedures
- Freddie Mac involvement
- What guidance is needed?
- What else would help?



General Updates and Trends

Insurance, Part III

- Recent updates
 - » Rescinded requirement for providing evidence policies will renew if expire within 30 or 90 days of funding
 - Still must have evidence of active insurance policies at time of Freddie Mac funding
- Upcoming updates
 - » Blanket All-Risk and terrorism limits – 10% requirement
 - Credit policy acceptance update
 - » Reviewing
 - Umbrella/Excess liability requirements
- On the horizon
 - » Waiver section
 - » Earthquake



It all begins with the calendar dates...

Pool Designation	Oct 30
Prelim. Package	Nov 14
99% Tape	Dec 21
Due Dil. Completed	Jan 3
Deal Announcement	Jan 10
Seniors Pricing	Jan 12
Settlement	Jan 22

Securitization Due Diligence Process & Impacts

- Several teams at Freddie Mac are involved in the review
- Insurance coverage and documentation is reviewed
- Evaluated against Reps & Warrants to identify whether exceptions are triggered
- Exceptions might have impact on deal investment strength
- Renewal waivers are addressed



Securitization Due Diligence – Common Documentation Pitfalls

- 30-/10-day Notice of Cancellation provisions
- Policy endorsements – AI/Mortgagee/Loss Payee
- Explicit evidence of terrorism coverage
- Expired insurance certificates



Insurance is all about peace of mind

- Insurance Team Contacts (see attendee list for details)

Paul Wooldridge	Nash Hensley
Abe Tafesse	Christine Myers

- Technical issues related to ICT system
 - » Multifamily Service Desk: MF_Service_Desk@freddiemac.com
 - » Contact AMO – Insurance Team
- AMO Learning Center
 - » <https://mf.freddiemac.com/learning-center/amo/>

