

DFI Fire Insurance Policy Requirements

DFI requires that each secured property be protected by a fire insurance policy. The coverage should include replacement cost coverage and continuous coverage that is not affected by the rehabilitation, its completion, vacancy or tenant occupancy. It should also include broad form coverage which includes vandalism, theft and malicious mischief. The limits should be set at no less than the loan amount plus \$10,000 and cover the cost of debris removal in the event of catastrophic loss.

The insurance carrier must carry at least a Best's –A Rating and must be licensed to do business in the state in which the property is located. Coverage must extend for at least one year and its premium be paid in full. The coverage should have at least a 30 day cancellation clause for any rights maintained by the insurance carrier for cancellation of the policy. The agent must certify that DFI, as lien holder, will be notified preceding any interruption of coverage. The preferred maximum deductible is \$1,000.

The Loss Payee clause should read:

DFI Capital ISAOA

4120 Douglas Blvd #306-521

Granite Bay, CA 95746

Evidence of coverage should be remitted as a part of the loan application packet.