



MRBP OPERATIONS
HOME MORTGAGE

December 6, 2011

Sinkhole Coverage (Update)

U.S. Bank Home Mortgage-MRBP Division is announcing a change to our current sinkhole coverage requirement. Effective with loans closing on **December 7, 2011** or after, sinkhole coverage will not be required in the State of Florida. However, if the appraiser has identified any settlement deficiencies and it is referenced on the property appraisal a Sinkhole Inspection will be required. Based on the Sinkhole Inspection, sinkhole insurance coverage may be necessary. We will require a copy of the sinkhole inspection report to be present in the loan purchase file should there be evidence of settlement deficiencies referenced on the property appraisal.

Proof of coverage required for sinkhole coverage may consist of the following:

- Clear evidence on the declarations page of the hazard insurance policy
- Letter from the insurance agent, on their company letterhead referencing borrower, property address, reference borrower's policy # clearly stating borrower has sinkhole coverage as part of their insurance policy and signed by the insurance agent
- Any other clearly identified, official clarification that sinkhole coverage is in effect
- On Condos and Manufactured Homes, same rules apply

When sinkhole coverage is required, catastrophic ground collapse coverage is not acceptable in lieu of sinkhole coverage as it does NOT provide adequate coverage. It will only payout if the property is uninhabitable.



Equal Housing Lender This information is not intended to extend consumer credit as defined by section 226.2 of Regulation "Z". Interest rate, program terms and conditions are subject to change without notice. Not all products are available in all states and for all loan amounts. Other restrictions and limitations may apply. Granting of loan is subject to program guidelines. 02/2008

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