

## PROPERTY INSPECTION

For our investor's protection, ZINC requires that every property undergo a complete property inspection from a licensed inspector, prior to closing. This report is required to be certain all mechanical, foundation and structural items that enhance a quick sale are addressed in your rehab budget. The inspection report must include, but not limited to the following items.

1. Review of submitted budget for reasonableness.
2. Inspect property for:
  - Termites
  - Structure
  - Mechanical and HVAC
  - Pools
  - Roof
  - Windows
  - Mold, lead or asbestos contamination
  - Etc.
3. Reports must contain color pictures
4. Please have completed inspection reports emailed to [accounting@zincfinancial.net](mailto:accounting@zincfinancial.net)

ZINC does not require a specific provider, and you may locate a provider in your area by searching:  
[www.homeinspectorlocator.com](http://www.homeinspectorlocator.com)

## INSURANCE COVERAGE

ZINC requires that every property have insurance meeting ZINC's specifications. Insurance binders must be faxed to 866/ 602 8892 or emailed to [accounting@zincfinancial.net](mailto:accounting@zincfinancial.net) prior to funding.

We strongly encourage you to take advantage of our preferred insurance programs administered by Affinity Group Management and insured by Fireman's Fund and Lloyds of London. Unlike other insurance programs, this specific program is tailored to Investor's who rehab properties and includes replacement cost coverage and continuous coverage throughout the policy term without loss of coverage due to rehab completion or occupancy. Affinity provides insurance to 660 rehabbers throughout the country, with property values exceeding 300 million. They have been in business since 1999. Contact Affinity Group Management at 800/ 790 4872.

**SUMMARY OF PROPERTY COVERAGE FOR ZINC REHAB CUSTOMERS**

Company:	Fireman’s Fund Insurance
Limits:	\$500,000 - any one location, and Maximum Policy Limit in the amount of \$5,000,000 – any one occurrence for all perils, coverage’s, & locations combined. \$10,000 sublimit for transit, temporary storage, & materials & supplies Coverage: Renovations – Real Property Under renovation Rental Dwellings – Real Property and Loss of Rents.
Perils:	Risks of direct physical loss or damage excluding Flood, Earthquake, Equipment Breakdown.
Valuation:	Replacement Cost
Deductible Options:	\$2,500 Per Entity/per occurrence
Special Conditions:	Earthquake & Flood are excluded. Windstorm is excluded for locations in Florida and all First Tier Counties, including Harris County, Texas if the property is not eligible for the Texas Windstorm Pool. \$10,000 sublimit for transit, temporary storage, and materials and supplies.

**SUMMARY OF PREMISES LIABILITY COVERAGE FOR ZINC REHAB CUSTOMERS**

**Vacant/Rehab Dwellings**

Company:	Lloyd’s of London	
1-2 Properties:	General Aggregate	\$2,000,000
	Each Occurrence Limit	\$1,000,000
	Deductible	\$500 Each Claim

Company	Mt. Hawley Insurance Company	
5+ Properties:	General Aggregate	\$2,000,000
	Products Completed Operations Aggregate	Excluded
	Personal & Advertising Limit	\$1,000,000
	Each Occurrence Limit	\$1,000,000
	Damage to Premises Rented to You Limit	\$50,000
	Medical Expense Limit	\$5,000
	Deductible	\$500 Each Claim

**Rental Dwellings**

Company:	United National Insurance Company	
Coverage:	General Aggregate	\$2,000,000
	Products Completed Operations Aggregate	Excluded
	Personal & Advertising Limit	\$1,000,000
	Each Occurrence Limit	\$1,000,000
	Damage to Premises Rented to You Limit	\$50,000
	Medical Expense Limit	Excluded

**Additional Coverage for ZINC Rehab Customers**

\$10,000 sublimit for transit, temporary storage, and materials and supplies on properties being renovated

**Sample Insurance Specification**

1. You must maintain replacement cost coverage on the property during the term of the loan with at least a Best's - Rated A insurance carrier and said carrier must be licensed to do business in the state in which the property is located, and must be licensed to transact the lines of insurance required in this transaction.
2. The property insurance must provide at least "Broad Form" coverage on properties and shall include "Vandalism, theft, and Malicious Mischief" on properties with over four units and be maintained at a limit to handle the cost of debris removal in the event of a catastrophic loss and this amount shall be considered at not less than the loan amount plus \$7,500.
3. The property policy must be represented by a term of at least one year and the coverage's offered cannot contain a loss of coverage or a "void" of coverage in the event the property is utilized in a manner other than for the renovation time frame plus the required months to sell the property. In other words the insurance must be continuous throughout the renovation process and for the loan's holding period necessary to sell the house without a change in coverage due to a "vacancy clause".
4. The policy must list Mortgagee and Loss Payee exactly as follows:

ZINC Financial, LLC ISAOA ATIMA  
2491 Alluvial Suite 60 Clovis, CA 93611

5. Evidence of Insurance must provide a 30 day cancellation clause for any rights maintained by the insurance company for cancellation of this insurance. Evidence must be provided by a duly licensed agent. In addition, we require an "agents" letter stating that any interruption of coverage will be preceded by direct notification to ZINC Financial, LLC no less than 10 days in advance of such interruption date. The Evidence and the "agent" letter are required prior closing.
6. Notice of any claims reported on the policy during the loan term must be provided to ZINC Financial, LLC, ISAOA ATIMA by the insured if such claim is submitted to the represented insurance carrier.
7. Verification of renewal of insurance policies must be in the ZINC Financial, LLC office at least thirty (30) days prior to the expiration date of the policy. If this requirement is not met, ZINC FINANCIAL, LLC MAY AT THEIR OPTION, BUT WITHOUT THE OBLIGATION TO DO SO, and PROVIDE COVERAGE TO REPLACE ANY EXPIRING POLICIES WHICH HAVE NOT BEEN PROPERLY RENEWED. The premium for such coverage will be remitted promptly by the undersigned, or Lender may charge borrower's account for the cost thereof.
8. The following items must be forwarded to and received by ZINC Financial, LLC before this loan can be funded:
  - a. A complete policy with endorsements and/or assignments meeting the specifications outlined herein;
  - b. A receipt showing 12 months of policy premium fully paid;
  - c. Evidence of Insurance provided by a duly licensed agent; and
  - d. "Agent" letter (see item 5 above).
9. Each of the undersigned acknowledges that he or she has read and understands the foregoing provisions and insurance requirements. This authorization will remain irrevocable for the undersigned as owner(s) of the subject property, and /or any assignee, for as long as this loan remains on the subject property.