



Organizational Functional Area:	Asset Management
Policy for:	Insurance Claim Check
Department	Asset Management

INSURANCE CLAM CHECK POLICY

WaterStone Bank SSB (“WSB”) has an established policy of making sound loans to all qualified applicants with sufficient collateral. The bank must make certain the collateral for these loans does not diminish in any capacity within their control. To assist with this assurance, the following policy has been established when WSB is presented with an insurance check for a claim against their collateral. Senior management is expected to implement this policy by dissemination to all Directors, Officers, Loan Officers, Branch Managers and any other individuals who might be in a position to receive a request for an insurance check endorsement.

Checks equal to or less than \$10,000.00

William Bruss, Sr. Vice President, Jack Kahl, Asst. Vice President or a Branch Manager is authorized to endorse on behalf of WSB an insurance check equal to or less than \$10,000.00 subject to the following: All mortgage accounts with the customer presenting the insurance check for endorsement must be current and in good standing and the Loan-to-Value ratio on the subject collateral must be 80% or less based on the appraisal given at time of loan application. If the subject loan is not current and in good standing and/or the Loan-to-Value on the subject collateral is in excess of 80%, follow the guidelines as outlined in “Checks greater than \$10,000.00.” The endorsing WSB employee must collect any/all insurance documentation from the customer including any “statement of loss” along with a copy of the check and forward it to Jack Kahl.

Checks greater than \$10,000.00

William Bruss, Sr. Vice President or Jack Kahl, Asst. Vice President, are the only WSB personnel authorized to endorse insurance checks in excess of \$10,000.00. Prior to endorsing any check greater than \$10,000.00, the following items must be adhered to: All mortgage accounts with the customer presenting the insurance check for endorsement must be current and in good standing, the endorsing Officer or designee must make a physical inspection of the collateral within 72 hours of receiving the endorsement request or, if an inspection of the collateral is not practical, undertake a review of reasonable evidence that repairs to the collateral have been completed (i.e. photos of completed work along with a completion certificate from the general contractor). **ALL WORK MUST BE COMPLETED PRIOR TO THE ISSUANCE OF ANY FUNDS** except for contractual down payments and start-up cost. If payment for repair work to the collateral is required from time to time on an ongoing basis, the check must be deposited at WSB into a restricted non-interest bearing account designated as an Insurance Claim Escrow Account requiring the signature of the endorsing Officer for any withdrawal with periodic draws preceded by

periodic inspections. Release of funds from the account is permitted only by the above mentioned Officers. WSB retains the authority to require a Certified Restoration Contractor be hired to make all necessary repairs/renovations to the property.

Payment from the proceeds of any insurance check over \$150,000.00 and requiring periodic payments on an ongoing basis may be processed through a title insurance company, at the customer's expense, in addition to any requirements contained in this policy.

The Asset Management Department will be the main contact point and will administer this policy with assistance from Mortgage Servicing.