

99A.060 Special endorsements on policies of mortgage guaranty insurance.

- (1) The commissioner of the Department of Insurance shall approve the issuance of special endorsements on policies of mortgage guaranty insurance by an insurer pursuant to this section. The commissioner of the Department of Insurance within ten (10) days of approval shall notify the executive director of the Kentucky Housing Corporation of the name of the insurer.
- (2) No insurer shall be authorized to issue special endorsements except upon submission of an application to and approval of such application by the commissioner of the Department of Insurance. In granting such applications the commissioner of the Department of Insurance shall consider:
 - (a) The financial condition of the insurer;
 - (b) The percentage of defaulted loans insured by the insurer within the past five (5) years; and
 - (c) Such other standards as prescribed by the commissioner of the Department of Insurance.
- (3) Upon approval by the commissioner of the Department of Insurance, the insurer may issue special endorsements on policies of mortgage guaranty insurance covering that portion of a mortgage or rehabilitation loan which exceeds ninety percent (90%) but is less than one hundred twenty-five percent (125%) of the appraised value of the residential building and the property on which it is located after completion of the rehabilitation.
- (4) An insurer shall issue a special endorsement only upon certification by the mortgagee that:
 - (a) The residential property subject to the mortgage or rehabilitation loan is located within the boundaries of a neighborhood development zone established pursuant to KRS 99A.020;
 - (b) The mortgagor is unable to secure the necessary funds for rehabilitation upon reasonable terms and conditions without the guaranty provided by the special endorsement;
 - (c) The loan is an acceptable risk, taking into consideration the need for the rehabilitation, the security for the loan or loans, and the ability of the mortgagor to repay the mortgage or rehabilitation loan; and
 - (d) The mortgage or rehabilitation loan transaction complies with such other terms, conditions and restrictions as may be prescribed by the executive director of the Kentucky Housing Corporation.
- (5) Each mortgagee who holds a mortgage covered by a policy of mortgage guaranty insurance with a special endorsement pursuant to this section shall submit a quarterly report to the executive director of the Kentucky Housing Corporation listing each mortgage or rehabilitation loan covered by such special endorsement and the status of such mortgage or rehabilitation loan.
- (6) The commissioner of the Department of Insurance in his discretion or when requested by the executive director of the Kentucky Housing Corporation as needed to protect the mortgage guaranty fund may withdraw the approval to an insurer to issue special endorsements on policies of mortgage guaranty insurance.

- (7) Any insurer subject to approval by the commissioner of the Department of Insurance may charge a premium for the special endorsement issued pursuant to this section, of which sixty-six percent (66%) shall be remitted to the executive director of the Kentucky Housing Corporation to be used pursuant to KRS 99A.080.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 87, effective July 15, 2010. --
Created 1984 Ky. Acts ch. 174, sec. 7, effective July 13, 1984.