

1-4 Unit (SFR) & PUD with Individual Owner Coverage Hazard Insurance		
Insurance Topic	FNMA	FHLMC
Coverage Requirements	<ul style="list-style-type: none"> • Must provide for claims to be settled on a replacement cost basis • Policies that provide for claims to be settled on an actual cash value basis are not acceptable • Policies that limit, depreciate, reduce, or otherwise settle losses at anything other than a replacement cost basis are not acceptable. 	
Replacement Cost Value (RCV)	<ul style="list-style-type: none"> • RCV is the amount of money needed to repair the insurable improvements at current prices of building supplies at time of damage, without any deduction for depreciation. 	
Required Coverage Amount	<ul style="list-style-type: none"> • 100% of the RCV, OR • The greater of the UPB or 80% of the RCV 	
Coverage Amount Source	<p>The RCV must always be provided. The verification source may be:</p> <ul style="list-style-type: none"> • The replacement cost estimator (RCE) utilized by the insurance carrier, • An insurance risk appraisal, or • Statement from property insurer, an independent insurance risk specialist, or other professional with appropriate resources to make such a determination. <p>In cases when a RCE is used:</p> <ul style="list-style-type: none"> • Sq. ft. on RCEs must be at least equal to the documented square footage • There is no timing requirement so long as property specs are accurately represented 	
Require Perils	<p>Policy must cover and may not have exclusions for any of the following coverages:</p> <ul style="list-style-type: none"> • Fire or Lightning • Explosion • Windstorm (including named storms designated by the U.S. National Weather Service or the National Oceanic and Atmospheric Administration by a name or number) • Hail • Smoke • Aircraft • Vehicles • Riot or Civil Commotion <p>If any are excluded, a standalone policy is required for that coverage type.</p>	
Deductible	<ul style="list-style-type: none"> • Maximum 5% of the property insurance coverage amount • See guidelines for multiple deductibles 	
Loss Payee	<ul style="list-style-type: none"> • Required, see table below for clause 	
Named Insured	<ul style="list-style-type: none"> • Borrowers must be listed as named insured 	

Project Development Master Hazard Insurance		
Insurance Topic	FNMA	FHLMC
Master Policy Requirements	<p>Condominium:</p> <ul style="list-style-type: none"> • Required unless the condo project's legal documents require individual property insurance policies for each unit (then follow individual coverage above) • If individual coverage, the common elements must still be covered through the master policy. <p>PUD:</p> <ul style="list-style-type: none"> • Individual property insurance policies as per the above Individual Coverage section are required unless the project's legal documents provide for a master policy in which case the requirements in this section must be met. NOTE: If using individual coverage, common elements coverage does not need to be verified. 	

Property Coverage Requirements	<ul style="list-style-type: none"> • Must include common elements and residential structures • Claims must be settled on a replacement cost basis. • Claims may not be settled on an actual cash value basis • Losses may not be settled, limited, depreciated, or reduced at anything other than a replacement cost basis. 	
Required Perils	<ul style="list-style-type: none"> • Coverage must include the perils covered by a commercial "Broad" coverage form and cannot have exclusions for: <ul style="list-style-type: none"> ○ Fire ○ Lightning ○ Explosion ○ Explosion ○ Windstorm (including named storms designated by the U.S. National Weather Service or the National Oceanic and Atmospheric Administration by a name or number) ○ Hail ○ Smoke ○ Aircraft or Vehicles ○ Riot or civil commotion ○ Vandalism ○ Sprinkler leakage ○ Sinkhole collapse ○ Volcanic action ○ Falling objects ○ Weight of snow, ice or sleet ○ Water damage <p>Any exclusions require the HOA to obtain a standalone policy for that coverage</p>	
General Liability Coverage	<ul style="list-style-type: none"> • Required unless there is a Waiver of Project Review or Limited Review • \$1M coverage required for bodily injury and property damage for any single occurrence • Must include separation of insured or severability of interest provision 	
Fidelity or Employee Dishonesty Coverage	<p>Required for > 20-unit projects unless there is a Waiver of Project Review, Limited Review, or for Fannie Mae loans with 3 month's project HOA dues < \$5000:</p> <ul style="list-style-type: none"> • Must meet subject state requirements, OR • Coverage must equal max amount of funds in custody of HOA/management firm at any one time, OR • Coverage must equal 3 month's HOA dues, AND include at least one of these provisions: <ul style="list-style-type: none"> ○ HOA/management firm maintains separate accounts for operating and reserve funds, and monthly statements are sent to HOA ○ Separate accounts maintained for each HOA using management firm and firm does not have authority to draw checks or transfer funds from reserve fund ○ 2 or more members of board must sign checks drawn on reserve fund 	
Inflation Guard	Required if available in subject market	<ul style="list-style-type: none"> • Required when applicable to the coverage and if available in the subject market
Building Ordinance or Law Coverage	<p>Required if available in subject market, including:</p> <ul style="list-style-type: none"> • Coverage A: loss to the undamaged portion of a building, • Coverage B: demolition costs, and • Coverage C: increased costs of construction. 	<ul style="list-style-type: none"> • Required if available in subject market • Not required if the building is legally conforming under current building, zoning, or land use laws, or is not available; however, it is required if the enforcement of any law or ordinance results in increased costs such as demolition or loss to the undamaged portions of the building and the coverage is available in the insurance market
Boiler and Machinery Coverage	<p>Required if project has central heating or cooling:</p> <ul style="list-style-type: none"> • Must equal the lesser of \$2 million or the replacement cost value of the building(s) housing the boiler or machinery. 	
Coverage Amount	<ul style="list-style-type: none"> • 100% of the RCV, including common elements and residential structures as of the current property insurance policy effective date, OR • Guaranteed Replacement Cost meets coverage requirements <p>NOTE: Extended Replacement Cost which provides an extension of the insurable replacement cost may be applied to meet the minimum coverage</p>	

Coverage Amount Source	<p>The RCV must always be provided (unless there is a Guaranteed Replacement Cost). The verification source may be:</p> <ul style="list-style-type: none"> • The replacement cost estimator utilized by the insurance carrier, • An insurance risk appraisal, or • Statement from property insurer, an independent insurance risk specialist, or other professional with appropriate resources to make such a determination. 	
Deductible	<ul style="list-style-type: none"> • Maximum 5% of the property insurance coverage amount • See guidelines for multiple deductibles 	
Interior Unit Coverage	<ul style="list-style-type: none"> • Interior Unit coverage is required • If not covered under the master policy, an HO-6 or equivalent individual policy covering interior coverage must be obtained • Coverage must be sufficient to repair the condominium to at least its condition prior to the claim • Coverage sufficiency should be based on the best information known or available to the lender or servicer, which may include information obtained from the borrower, in collaboration with the insurer, the HOA legal documents, or other professional with appropriate resources to make such a determination. 	
Named Insured	<ul style="list-style-type: none"> • The association must be named insured 	
Miscellaneous	<p>See guidelines for:</p> <ul style="list-style-type: none"> • Policies with co-insurance • Policies covering multiple projects • Builder/Developer insured projects • Per unit master policy deductibles 	<p>See guidelines for:</p> <ul style="list-style-type: none"> • Policies with co-insurance • Policies covering multiple projects • Per unit master policy deductibles
Loss Payee	<ul style="list-style-type: none"> • Not required 	
Named Insured	<ul style="list-style-type: none"> • HOA to be listed as Named Insured 	

Flood Insurance Coverage		
Insurance Topic	FNMA	FHMLC
Flood Zones	<ul style="list-style-type: none"> • Special Flood Hazard Area (SFHA) zones that contain the letter "A" or "V" • Properties located in a Coastal Barrier Resources System (CBRS) or Otherwise Protected Area (OPA) 	
Flood Cert	Date of determination must be <= 120 days prior to Note date	
LODR LOMA LOMR	Flood insurance requirement may be waived if a Letter of Determination Review (LODR), Letter of Map Amendment (LOMA), or Letter of Map Revision (LOMR) indicates that the insurable improvements are outside the SFHA	
Policy Issuer	<p>The flood insurance policy may be one of the following:</p> <ul style="list-style-type: none"> • A standard policy issued by the NFIP, or • A policy issued by a private insurer that is qualified under Section 4703.1 (FHMLC)/Section B7-3-01 (FNMA), with at least equivalent terms and conditions to the standard NFIP policy for the types of improvements insured, including coverage, deductibles and exclusions and conditions offered 	
Coverage	<p><u>1-4 Unit Properties (including PUDs)</u></p> <ul style="list-style-type: none"> • 100% of the replacement cost value of the improvements, • \$250,000, or • The UPB <p><u>Condominiums</u> Master Policy covering:</p> <ul style="list-style-type: none"> • 80% of the building's RCV, or • \$250,000 * the number of residential units in the building • See guidelines for individual unit coverage to supplement insufficient master coverage • See guidelines for condos with commercial space • Coverage may be waived for non-residential, detached structures <p>NOTE: Detached and 2-4 unit condos may follow 1-4 Unit Property requirements</p>	
Deductible	<p>Deductible may not exceed the max amt allowed under NFIP:</p> <ul style="list-style-type: none"> • SFR, Manufactured Homes, 2-4 Unit: \$10,000 • Condominiums/PUD Master: \$25,000 	

Contents Coverage	HOA must maintain contents coverage on the building for the lower of: <ul style="list-style-type: none"> the actual cash value of the contents in the building that are owned in common by the association members or the maximum amount of contents coverage sold by the NFIP for a condominium building. 	
Community does not participate in NFIP	<ul style="list-style-type: none"> Ineligible if insurable improvements are in an SFHA 	
Residential Vs. Non-Residential Structures	IF	Then Flood Insurance Is
	any part of the principal structure is located within an SFHA	required.
	the principal structure is not located within an SFHA, but a residential detached structure affixed to the land that serves as part of the security for the loan is located within the SFHA	required for the residential detached structure
	the principal structure is not located within an SFHA, but a non-residential detached structure affixed to the land that serves as part of the security for the loan is located within the SFHA	not required on either structure
	The principal structure is not located within an SFHA, but a detached structure affixed to the land that does not serve as part of the security for the loan is located within the SFHA	not required on either structure

Mortgagee Loss Payee			
Capitalend	LoanLock	LoanLock Prime	OGIMB
OnY GLO, Inc dba Capitalend Home Loans ISAOA/ATIMA 6 Hutton Center Drive #1030 Santa Ana, CA 92707 Loan number:	OnY GLO, Inc dba LoanLock ISAOA/ATIMA 6 Hutton Center Drive #1030 Santa Ana, CA 92707 Loan number:	OnY GLO, Inc dba LoanLock Prime ISAOA/ATIMA 6 Hutton Center Drive #1030 Santa Ana, CA 92707 Loan number:	OnY GLO, Inc dba OGI Mortgage Bankers ISAOA/ATIMA 6 Hutton Center Drive #1030 Santa Ana, CA 92707 Loan number: