

1-4 Unit SFR & PUD with Individual Owner Coverage Hazard Insurance	
Coverage Requirements (HO-3, HO-5, HO-9)	Dwelling/Building Coverage: 100% replacement cost (RCV) or guaranteed (GCV) replacement cost is required Florida - cannot request RCE from Insurance Agent Policies that provide for claims to be settled on an actual cash value (ACV) basis – not acceptable Policies that limit, depreciate, or otherwise settle losses at anything other than a replacement cost basis – not acceptable
Replacement Cost Value (RCV)	RCV = 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	100% of the RCV, or the greater of the UPB or 80% of the RCV
Coverage Amount Source	The RCV must always be provided. The verification source may be: <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 (i.e. Appraisal Estimated Cost New)
Required Perils	The policy must cover and may not have exclusions for any of the following coverages: <ul style="list-style-type: none"> • Fire • Lightening • Explosion • Windstorm (including named storms designated by the US 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 <p>If any are excluded, a standalone policy is required for that coverage type.</p>
Deductible	<ul style="list-style-type: none"> • Maximum 5% deductible of the dwelling/building coverage • Multiple deductibles – see guidelines
Loss Payee	Required - See table on last page for clause
Name Insured	Borrowers must be listed as named insured
Property Address	Subject property address is required on the policy (including unit number, if applicable)
Renewal Premium	If not available within 60 days of closing, use 125% of current premium for qualification and impounds
Project Master Hazard Insurance	
Master Policy Requirements	Attached Condominium: <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 requirements above) • If individual coverage, the common elements must still be covered through the master policy Attached PUD: <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. <p><i>Note:</i> if using individual coverage, common elements coverage does not need to be verified</p> <p>If All-In/Walls-In coverage is provided, it must include betterments & improvements. If Master Policy does not have betterments & improvement coverage, an HO-6 policy is required.</p>
Property Coverage Requirements	<ul style="list-style-type: none"> • Must include common elements and residential structures • Claims must be settled on a replacement cost (RCV) basis or guaranteed replacement (GCV) • Claims may not be settled on an actual cash value (ACV) basis • Losses may not be settled, limited, depreciated, or reduced at anything other than RCV basis

Required Perils	<p>Coverage must include the perils covered by a commercial “broad” coverage form & cannot have exclusions for:</p> <ul style="list-style-type: none"> • Fire • Lightning • Explosion • Windstorm (including named storms designated by the US 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 months project HOA dues < \$5,000:</p> <ul style="list-style-type: none"> • Must meet subject state requirements, or • Coverage must equal the maximum amount of funds in custody of HOA/management firm at any one time, or • Coverage must equal 3 months 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, or ○ Separate accounts maintained for each HOA using management firm and firm does not have authority to draw checks or transfer funds from reserve funds, or ○ 2 or more members of the board must sign checks drawn on reserve funds
Inflation Guard	<p>Required if available in subject market</p>
Building Ordinance or Law Coverage	<p>Required if available in the 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. <p>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 undamaged portions of the building and the coverage is available in the insurance market</p>
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 \$2M 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><i>Note:</i> 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 (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 (i.e. Appraisal Estimated Cost New)
Deductible	<ul style="list-style-type: none"> • Maximum 5% deductible of the dwelling/building coverage • Multiple deductibles – see guidelines
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 professionals with appropriate resources to make such a determination.

Miscellaneous	See guidelines for: <ul style="list-style-type: none"> • Policies with co-insurance • Policies covering multiple projects • Builder/Developer insured projects • Per unit master policy deductibles 	
Loss Payee	Not required	
Named Insured	HOA to be listed as Named Insured	
Property Address	Subject property address is required on the policy (including unit number, if applicable)	
Flood Insurance Coverage		
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 requirements 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 of the SFHA	
Policy Insurer	The flood insurance policy must be one of the following: <ul style="list-style-type: none"> • A standard policy issued by NFIP, or • A policy issued by a private insurer that is qualified under Section 4703.1 (FHLMC)/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	<u>1-4-unit Properties (including PUDs)</u> <ul style="list-style-type: none"> • 100% of the replacement cost value of the improvements, • \$250,000, or • The Unpaid Principal Balance (UPB) <u>Condominiums</u> Master Policy covering: <ul style="list-style-type: none"> • 80% of the building's RCV, or • \$250,000 multiplied by 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 <i>Note: detached and 2-4-unit condos may follow 1-4-unit property requirements</i>	
Deductible	Deductible may not exceed the maximum amount allowed under NFIP: <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	Ineligible if insurable improvements are in an SFHA	
Residential vs Non-Residential Structures	IF...	Then Flood Insurance Is...
	Any part of the 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
Named Insured	All borrowers must be listed as named insured	
Property Address	Subject property address is required on the policy (including unit number, if applicable)	

Mortgagee / Loss Payee

Lenders to use their own loan number and mortgagee clause.

If lender chooses to use OnY Glo loan number as their own, they may use their mortgagee clause or the below:

OnY Glo, Inc., ISAOA/ATIMA
6 Hutton Centre Dr, Suite 1030
Santa Ana, CA 92707
Loan #1000XXXXXXXX