

INSURANCE REQUIREMENTS

	Single Family & Individual PUD Unit	Flood Insurance	Condominium, Co-op & PUD (Common Areas)
Agency References	FNMA: B7-3-01, General Property Insurance Requirements for All Property Types B7-3-02, Property Insurance Requirements for One-to-Four-Unit Properties B7-3-05, Additional Insurance Requirements B7-3-07, Evidence of Property Insurance B7-3-08, Mortgagee Clause, Name Insured, and Notice of Cancellation Requirements FHLMC: 4703.1: General Property Insurance Requirements 4703.2: Minimum Property Insurance Types and Amounts 4703.7: Localized Perils Insurance	FNMA: B7-3-06, Flood Insurance Requirements for All Property Types FHLMC: 4703.3: Flood Insurance	FNMA: B7-3-03, Master Property Insurance Requirements for Project Developments B7-3-04, Individual Property Insurance Requirements for a Unit in a Project Development B7-3-05, Additional Insurance Requirements B7-3-07, Evidence of Property Insurance B7-4-01, General Liability Insurance for Project Developments B7-4-02, Fidelity/Crime Insurance for Project Developments FHLMC: 4703.4: Liability Insurance for Condominium Projects 4703.5: Fidelity or Employee Dishonesty Insurance for Condominium Projects
Amount of Coverage	Property insurance policies for one- to four-unit properties securing loans purchased by Fannie Mae should be written on a "Special" coverage form or equivalent. At a minimum, the coverage must include the following perils: fire or lightning, explosion, windstorm, hail, smoke, aircraft, vehicles, riot or civil commotion. If a property insurance policy excludes or limits coverage of any of the required perils, the borrower must obtain an acceptable stand-alone policy that provides adequate coverage for the peril. The property insurance policy must provide for claims to be settled on a replacement cost basis, with the exception of roofs. Note: Roofs must be insured, but do not have to be insured on a replacement cost basis. Property insurance policies that provide for claims to be settled on an actual cash value basis are not acceptable. Note: Some insurers may issue policies that provide coverage on an actual cash value basis for personal property and structures that are not buildings. These terms in a property insurance policy covering a one- to four-unit property are acceptable. Policies that limit, depreciate, reduce, or otherwise settle losses at anything other than a replacement cost basis are also not acceptable.	Amount of Coverage The minimum amount of flood insurance required for first mortgages must be equal to the lesser of 100% of the replacement cost value of the improvements, - the maximum coverage amount available from NFIP, or - the unpaid principal balance (UPB) of the loan (or loan amount at the time of origination). Click here for the FNMA/FHLMC Flood Insurance Coverage Calculator. Additional flood insurance requirements for units in attached condo projects, co-op projects and PUDs are detailed in the applicable product descriptions and in the agency Selling Guides. NFIP Lapse: The NFIP may lapse due to a shutdown of the federal government or if Congress does not renew the NFIP's authorization to issue new policies, increase coverage on existing policies, or issue renewal policies. Refer to the agency Selling guides for requirements.	Determine if a Master Property Insurance Policy is required. The requirements for individual property insurance policies will vary based on the homeowners' association (HOA) or co-op corporation's legal documents and the master property insurance policy. To the extent the master property insurance policy does not cover the interior of the unit or improvements to the unit, the borrower must maintain an individual unit owner property insurance policy (Refer to the agency Selling guides for additional requirements). Coverage Requirements: When required, a master property insurance policy must be maintained with premiums paid as a common expense by the HOA or co-op corporation, as applicable. The policy must cover all insurable property elements. Common personal property and supplies should be covered, if applicable. The master property insurance policy must provide coverage on a replacement cost basis, with the exception of roofs. Note: Roofs must be insured, but do not have to be insured on a replacement cost basis. Property insurance policies that provide for claims to be settled on an actual cash value basis are not acceptable. Note: Some insurers may issue policies that provide

INSURANCE REQUIREMENTS

	Adequate insurance coverage for a Non-FNMA/FHLMC loan would be ONE of the following: (1) ≥ total loan amount OR (2) ≥ total estimate cost-new from appraisal OR (3) 100% replacement cost OR (4) ≥ cost estimator from insurance company showing maximum insurable value	USDA: Flood insurance must cover the lesser of the outstanding balance of the loan OR the maximum amount of coverage allowed under NFIP. Note: If flood insurance is required, waiving of escrows for taxes and homeowner’s insurance is permitted in accordance with investor guidelines; however, the flood insurance must be escrowed. Flood insurance escrow waivers are not permitted. If flood insurance is NOT required and the borrower voluntarily obtains flood insurance, then it cannot be escrowed.	coverage on an actual cash value basis for personal property and certain property elements. These terms in a master property insurance policy covering a project development are acceptable. Policies that limit, depreciate, reduce, or otherwise settle losses at anything other than a replacement cost basis are also not acceptable. Master property insurance coverage policies covering project developments should be written on a "Special" coverage form or equivalent. At a minimum, the coverage must include the perils covered by a commercial “Broad” coverage form. The required perils are fire, lightning, explosion, windstorm, hail, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sprinkler leakage, sinkhole collapse, volcanic eruption, falling objects, weight of snow, ice or sleet, or water damage. If a master property insurance policy excludes or limits coverage of any of the required perils, the HOA or co-op corporation must obtain an acceptable stand-alone property insurance policy which provides adequate coverage for the limited or excluded peril (Refer to the agency Selling guides for additional information). Determining the Required Coverage Amount: The master property insurance policy coverage amount must equal at least 100% of the estimated replacement cost value of the project improvements, including common elements and residential structures. Any of the following are required to document that the coverage amount is sufficient: • guaranteed replacement cost coverage, or its equivalent; • extended replacement cost coverage, or its equivalent; • a replacement cost value estimate provided by the insurer; • the project’s insurance risk appraisal; or • a statement from the insurer or other applicable professional with appropriate expertise to make such a determination. Refer to the agency Selling guides for guidance on special coverage requirements for PUDs, Condo Projects, Builder/Developer property insurance policies and for policies covering multiple projects. HO-6 (Walls in Coverage) The borrower must have a unit owners property insurance policy when: • Any portion of the interior of the unit or improvements to the unit are not covered by the master property insurance policy, or

INSURANCE REQUIREMENTS

		• The master property insurance policy includes a per unit deductible. Coverage: The minimum amount of coverage required for a unit owners property insurance policy must be at least equal to the greater of: • an amount sufficient to cover any portion of the interior of the unit or improvements to the unit not covered by the master property policy in order to restore the unit to its condition prior to a loss event; or • the amount of the per unit deductible, if the master property insurance policy has a per unit deductible. Coverage amount sufficiency should be based on the best information known or available to Homebridge, which may include information obtained from the borrower in collaboration with the insurer or insurance agent, the HOA or co-op corporation legal documents, or other professional with appropriate expertise to make such a determination. Required perils: Refer to Selling Guide B7-3-02: Property Insurance Requirements for One-to Four-Unit Properties for coverage requirements when a unit owners property insurance policy is required for a unit in a project development. If the master property insurance policy includes a per unit deductible applicable to a specific required peril, the unit owners property insurance policy must include coverage for that peril. Loss Settlement: The unit owners property insurance policy must provide coverage on a replacement cost basis. Deductible: The maximum allowable deductible for a unit owners property insurance policy for all required property insurance perils is the greater of • 5% of the property insurance coverage amount, or • \$2,500
--	--	---

INSURANCE REQUIREMENTS

	Single Family & Individual PUD Unit	Flood Insurance	Condominium, Co-op & PUD (Common Areas)																		
Coverage Requirements	PERILS SUCH AS HURRICANE, WINDSTORM, HAIL, EXPLOSION, SMOKE, ETC.																				
	At a minimum, coverage must include the following perils: fire or lightning, explosion, windstorm, hail, smoke, aircraft, vehicles, riot or civil commotion. If a property insurance policy excludes or limits coverage of any of the required perils, the borrower must obtain an acceptable stand-alone policy that provides adequate coverage for the peril.																				
	Property insurance policies that limit or exclude from coverage (in whole or in part) windstorm, hurricane, hail damage, or any other perils that are normally included under an extended coverage endorsement are NOT acceptable.																				
	FNMA, FHLMC, FHA, VA, and USDA: If the declaration page does not specifically exclude hurricane, wind, hail damages, or any other peril (is “silent”), then no additional verification is required. If the declaration specifically excludes hurricanes, wind, and hail or any other peril (in whole or in part), then the policy is NOT acceptable, and the borrower must obtain an acceptable stand-alone policy that provides adequate coverage for the peril.																				
Maximum Deductible	- The maximum allowable deductible for all required property insurance perils for one-to four-unit properties is 5% of the property insurance coverage amount. - When a property insurance policy includes multiple deductibles, such as a separate deductible that applies to windstorms, or a separate deductible that applies to a specific property element such as the roof, the total amount for such deductibles applicable to a single occurrence must be no greater than 5% of the property insurance coverage amount. NOTES: - Some investors require either a maximum of \$1,000 deductible OR 1% face value of the policy.	The following table describes the maximum deductible allowed by Fannie Mae for an NFIP or a private flood insurance policy. <table><tr><th>Property Type</th><th>Deductible Requirements</th></tr><tr><td>One -to-Four Unit Properties</td><td>The deductible must not exceed the maximum deductible amount currently offered by NFIP for one- to four-unit properties insured under an NFIP Dwelling Form.</td></tr><tr><td>Condo Projects</td><td>The deductible must not exceed the maximum deductible amount currently offered by NFIP for condo projects insured by an RCBAP. This deductible requirement applies to all condo projects, regardless of the percentage of commercial space.</td></tr><tr><td>Co-op Projects</td><td>The deductible must not exceed the maximum deductible amount currently offered by NFIP for co-op projects insured under an NFIP General Property Form.</td></tr><tr><td>PUDs</td><td>The deductible on individual attached or detached PUD units must not exceed the maximum deductible amount currently offered by NFIP for one- to four-unit properties insured under an NFIP Dwelling Form.</td></tr></table>	Property Type	Deductible Requirements	One -to-Four Unit Properties	The deductible must not exceed the maximum deductible amount currently offered by NFIP for one- to four-unit properties insured under an NFIP Dwelling Form.	Condo Projects	The deductible must not exceed the maximum deductible amount currently offered by NFIP for condo projects insured by an RCBAP. This deductible requirement applies to all condo projects, regardless of the percentage of commercial space.	Co-op Projects	The deductible must not exceed the maximum deductible amount currently offered by NFIP for co-op projects insured under an NFIP General Property Form.	PUDs	The deductible on individual attached or detached PUD units must not exceed the maximum deductible amount currently offered by NFIP for one- to four-unit properties insured under an NFIP Dwelling Form.	Refer to the Agency Selling guide for all information. The following table describes the maximum allowable deductible for master property insurance policies covering project developments. <table><tr><th>Deductible Type</th><th>Maximum Deductible</th></tr><tr><td>Per occurrence</td><td>The maximum allowable deductible for all required property insurance perils is 5% of the master property insurance coverage amount.</td></tr><tr><td>Per occurrence, multiple deductibles</td><td>When a master property insurance policy includes multiple deductibles, such as a separate deductible that applies to windstorms, or a separate deductible that applies to a specific property element such as the roof, the total amount for such deductibles applicable to a single occurrence must be no greater than 5% of the insurance coverage amount.</td></tr><tr><td>Per occurrence, per unit</td><td>Fannie Mae will allow a per unit master property insurance policy deductible when the sum of the applicable per unit deductibles is greater than 5% of the coverage amount and all the following requirements are met.</td></tr></table>	Deductible Type	Maximum Deductible	Per occurrence	The maximum allowable deductible for all required property insurance perils is 5% of the master property insurance coverage amount.	Per occurrence, multiple deductibles	When a master property insurance policy includes multiple deductibles, such as a separate deductible that applies to windstorms, or a separate deductible that applies to a specific property element such as the roof, the total amount for such deductibles applicable to a single occurrence must be no greater than 5% of the insurance coverage amount.	Per occurrence, per unit	Fannie Mae will allow a per unit master property insurance policy deductible when the sum of the applicable per unit deductibles is greater than 5% of the coverage amount and all the following requirements are met.
	Property Type	Deductible Requirements																			
One -to-Four Unit Properties	The deductible must not exceed the maximum deductible amount currently offered by NFIP for one- to four-unit properties insured under an NFIP Dwelling Form.																				
Condo Projects	The deductible must not exceed the maximum deductible amount currently offered by NFIP for condo projects insured by an RCBAP. This deductible requirement applies to all condo projects, regardless of the percentage of commercial space.																				
Co-op Projects	The deductible must not exceed the maximum deductible amount currently offered by NFIP for co-op projects insured under an NFIP General Property Form.																				
PUDs	The deductible on individual attached or detached PUD units must not exceed the maximum deductible amount currently offered by NFIP for one- to four-unit properties insured under an NFIP Dwelling Form.																				
Deductible Type	Maximum Deductible																				
Per occurrence	The maximum allowable deductible for all required property insurance perils is 5% of the master property insurance coverage amount.																				
Per occurrence, multiple deductibles	When a master property insurance policy includes multiple deductibles, such as a separate deductible that applies to windstorms, or a separate deductible that applies to a specific property element such as the roof, the total amount for such deductibles applicable to a single occurrence must be no greater than 5% of the insurance coverage amount.																				
Per occurrence, per unit	Fannie Mae will allow a per unit master property insurance policy deductible when the sum of the applicable per unit deductibles is greater than 5% of the coverage amount and all the following requirements are met.																				
		USDA: Unless a higher amount is allowed by state or federal law (which includes FEMA policies), the maximum deductible clause for a flood insurance policy should not exceed \$10,000.	1. The maximum allowable per unit deductible for all required property insurance perils covered by a master property insurance policy is \$50,000 per unit. Note: When the master property insurance policy has a per unit deductible, the borrower must have a unit owners property insurance policy, in accordance with the requirements set forth in “Determining when a policy is required & coverage sufficiency” in “Individual Property																		

INSURANCE REQUIREMENTS

			Insurance Requirements for a Unit in a Project Development”. 2. The master property insurance policy has a per unit deductible for named perils specific to a geographic area where such coverage is common and customary; and 3. The borrower’s individual property insurance policy includes: a. coverage for the applicable peril(s); b. coverage for master property insurance policy deductible assessments levied on the unit owner by the HOA or co-op corporation for the applicable peril(s); and c. loss assessment coverage in an amount sufficient to cover assessments in excess of 5% of the master property insurance policy coverage amount, divided by the number of units. Note: A deductible buy-back insurance policy purchased by the HOA or co-op corporation may be used to meet Fannie Mae's master property insurance policy deductible requirements, provided the policy meets all other property insurance requirements in Chapter B7-3, Property and Flood Insurance, including insurer rating requirements.
Policy Period	A. Purchases – Coverage can begin no later than date of closing (Wet States) or loan disbursement date (Dry States). The coverage must be for a minimum of 12 months from the effective date of the policy. B. Refinances – Coverage should end no earlier than sixty (60) days from the Note date.		A. Purchase & Refinance – Master Policy cannot expire earlier than 14 calendar days prior to the loan disbursement date.
Paid Receipt	A. Purchases – Policies should be paid in full prior to closing date. If the market dictates that it is common and customary for the premium to be paid at closing, this is permitted. B. Refinances – Paid receipt through the policy period as defined in the Policy Period section above is required.		A. Master Policy – Paid through policy period. B. Individual Coverage on purchase and refinance transactions (as applicable) – same as single family requirements.

INSURANCE REQUIREMENTS

	Single Family & Individual PUD Unit	Flood Insurance		Condominium, Co-op & PUD (Common Areas)
Insurance Company Rating	A. A.M. Best Company: “B” or better Financial Strength B. Demotech: “A” or better <i>Insurance Financial Stability Rating</i> C. Kroll Bond Rating Agency: “BBB” or better Insurance Financial Strength Rating (IFSR) D. S&P Global: “BBB” or better Insurer Financial Strength Rating Refer to the agency Selling guides for exceptions to Insurer Rating Requirements.	Not Applicable		A. A.M. Best Company: “B” or better Financial Strength B. Demotech: “A” or better <i>Insurance Financial Stability Rating</i> C. Kroll Bond Rating Agency: “BBB” or better Insurance Financial Strength Rating (IFSR) D. S&P Global: “BBB” or better Insurer Financial Strength Rating
Private Insurer	N/A	FNMA, FHLMC, FHA, VA, and USDA	Permitted. Refer to the applicable agency guidelines.	N/A
Other Acceptable Insurance Underwriters	A. Policies underwritten by a state’s Fair Access to Insurance Requirements (FAIR) plan, if it is the only coverage that can be obtained, B. Policies obtained through state insurance plans – such as the Hawaii Property Insurance Association (HPIA), Florida’s Citizens Property Insurance Corporation, or other state-mandated windstorm and beach erosion insurance pools – if that is the only coverage that is available; and, C. A separate hurricane insurance policy issued by the Hawaiian Hurricane Relief Funds (for properties located in Hawaii), as long as the companion non-catastrophic fire and extended coverage (or homeowner’s) policy is obtained from a property insurer that satisfies the Insurance Company Rating as indicated on prior page. NOTE: Neither FNMA nor FHLMC will accept insurance from any company that is participating in Florida’s Temporary Market Stabilization Arrangement (TMSA) program, which is a reinsurance program. This includes any new refinance transactions where an existing policy is being renewed. Reference FNMA LL 2022-08 and FHLMC Bulletin 2022-25			

INSURANCE REQUIREMENTS

	Single Family & Individual PUD Unit	Flood Insurance	Condominium, Co-op & PUD (Common Areas)
Insured Name & Property Address	- All names on Title must be on policy. Refer to the agency Selling guides for all requirements. - The address must match the subject property address.		A. Master Policy – Homeowners Association (Condo, PUD), Co-op Corporation (Co-op) B. Individual - All names on Title must be on policy.
Mortgagee Clause	The Seller must notify the borrower’s insurance carrier that as of the date of transfer the mortgagee clause must read: ServiceMac, LLC ISAOA, ATIMA P.O. Box 29411 Phoenix, AZ 85038-9411	The Seller must notify the borrower’s insurance carrier that as of the date of transfer the mortgagee clause must read: ServiceMac, LLC ISAOA, ATIMA P.O. Box 29411 Phoenix, AZ 85038-9411	If a unit owner or shareholder maintains an individual policy (as indicated by the project’s legal documents) or if an HO-6 policy is maintained for interior coverage, it must include the mortgagee clause. A mortgagee clause is not required for a master project property insurance policy, an NFIP Residential Condominium Building Association Policy or equivalent flood policies issued by a private insurer.
Notice of Cancellation	One- to four-unit properties: The policy must provide for written notice to the named insured and mortgagee(s) before the insurer can cancel the policy. Refer to the agency Selling guides for more information.		Individual units in a project development (does not apply to master property insurance policies for project developments): The policy must provide for written notice to the named insured and mortgagee(s) before the insurer can cancel the policy.
438 BFU Endorsements	A standard 438 BFU endorsement allows the insurance policy to be assigned to another loan servicer and should be referenced on the policy.		

INSURANCE REQUIREMENTS

	Single Family & Individual PUD Unit	Flood Insurance	Condominium, Co-op & PUD (Common Areas)
Coastal Barrier Resource Act (CBRA)		FANNIE MAE/FREDDIE MAC: The lender and servicer must ensure that the subject property is adequately protected by flood insurance when required. Flood insurance coverage is required when a loan is secured by a property located in • a Special Flood Hazard Area (SFHA), or • a Coastal Barrier Resources System (CBRS) or Otherwise Protected Area (OPA). The lender and servicer must determine whether the property is in an SFHA, a CBRS, or an OPA by using the FEMA Standard Flood Hazard Determination form. All flood zones beginning with the letter "A" or "V" are considered SFHAs. Note: If the subject property is located within a CBRS or an OPA, flood insurance is required regardless of whether the property is in an SFHA. Flood insurance is not required on a principal or residential detached structure securing the loan if the lender or servicer obtains a letter from FEMA stating that its maps have been amended and the structure is no longer in an SFHA. FHLMC Note: A mortgage is ineligible for sale to Freddie Mac if the property is subject to coastal tideland, wetland, or setback laws and/or regulations that prevent the rebuilding or maintenance of the property improvements if they are damaged or destroyed. Refer to 5606.4: Site and Location Analysis, Property Characteristics, (i) B Eligible Zoning Compliance. FNMA Selling Guide: Fannie Mae Flood Insurance Requirements for All Property Types FHA, VA, USDA: NOT PERMITTED	

INSURANCE REQUIREMENTS

Earthquake Insurance

Homebridge does not escrow for earthquake insurance. This is not a required peril by any of our investors and is considered a voluntary insurance. Borrowers who elect to take an individual earthquake insurance policy should be advised to make arrangements to pay their premiums, policy changes, etc. directly with the insurance company who issued the policy. Funds should not be collected at closing and should not be included as part of the escrows. **Note:** Earthquake coverage/insurance that is bundled/included in the homeowner's insurance policy is permitted.

Any loans originated with an individual earthquake insurance policy in error will be treated as follows by Servicing:

1. Borrower will be notified in writing regarding our policy that we do not escrow for earthquake insurance.
2. Any funds collected at closing will be refunded to the borrower or applied to principal balance.
3. Monthly payment will be adjusted to remove the monthly escrow for earthquake coverage.