

1-4 Unit (SFR) & PUD with Individual Owner Coverage Hazard Insurance		
Insurance Topic	FNMA/FHLMC	FHA/VA
Coverage Requirements (HO-3, HO-5 or HO-9 Policy)	Dwelling/Building Coverage: <ul style="list-style-type: none"> • 100% replacement cost (RCV) or guaranteed (GCV) replacement cost is required. <ul style="list-style-type: none"> ◦ Florida – cannot request RCE from Agent • Policies that provide for claims to be settled on an actual cash value (ACV) 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	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 professionals with appropriate resources to make such a determination (IE- Appraisal Est Cost New). 	
Require Perils	Policy must cover and may not have exclusions for any of the following coverages: <ul style="list-style-type: none"> • Fire • 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 or Vehicles • Riot or Civil Commotion • Vandalism • Sprinkler Leakage • Sinkhole Collapse • Volcanic Action • Falling Objects • Weight of snow, ice or sleet If any are excluded, a standalone policy is required for that coverage type.	
Deductible	<ul style="list-style-type: none"> • Maximum 5% deductible of the dwelling/building coverage • 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	FHA/VA
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 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 	

	<p>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.</p> <p>Policy requires the subject property address (Unit specific)</p> <p>If All-In/Walls-in coverage is provided, it must include betterments & improvements. If Master Policy does not have betterments & improvement coverage, a 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 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 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	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 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. 	<ul style="list-style-type: none"> Required if available in the 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 insurers, an independent insurance risk specialist, or other professionals 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 professionals 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 	
Property Address	<ul style="list-style-type: none"> Subject property address is required on the policy 	

Flood Insurance Coverage		
Insurance Topic	FNMA/FHLMC	FHA/VA
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 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 Unpaid Principal Balance <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	<p>HOA must maintain contents coverage on the building for the lower of:</p> <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 participating in NFIP	<ul style="list-style-type: none"> Ineligible if insurable improvements are in an SFHA 	
Policy	<ul style="list-style-type: none"> Must include property address to match note/security instrument Loan number All borrower name(s) to be listed 	
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	OGI



Property Insurance Requirements Quick Reference

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