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# UHM FLOOD INSURANCE REQUIREMENTS

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Policy Name	Flood Insurance Policy (UHM Compliance Policy Manual Excerpt)
Version	7.0 (06-28-2024)
Committee Review: ACT	11-29-2023
Last Reviewed by Compliance	06-28-2024

This Insurance Guide is provided by Union Home Mortgage Corp. (“UHM”), having its principal place of business at 8241 Dow Circle West, Strongsville, OH 44136. UHM publishes this via its secured website to inform Employees, Correspondent Lending Partners and Wholesale Lending Partners of its policies procedures, guidelines, announcements, and other communications, and may be amended from time to time.

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## 100.0 Description

Federal financial regulatory agencies prohibit their regulated lending institutions from making, increasing, extending, or renewing a loan secured by improved real estate or a mobile home located or to be located in a special flood hazard area (SFHA) in a community participating in the National Flood Insurance Program (NFIP), unless the property securing the loan is covered by flood insurance. Background and current law may be found on the Federal Emergency Management Agency (FEMA) website: <https://www.fema.gov/flood-insurance-reform-law>. All loans originated by UHM are subject to the federally mandated flood insurance requirements.

## 101.0 Scope

This document is UHM's general policy regarding flood insurance requirements for the loans that UHM sells to Fannie Mae, Freddie Mac, and Ginnie Mae. If working with a specialty product such as state housing bond loans, jumbo loans, certain ARMs, or other loan types that may be sold servicing released, consult investor guidelines for specific requirements.

## 102.0 Flood Zone Determination

FEMA conducts surveys and analyzes terrain features and other considerations to determine an area's flooding probability. Detailed maps of the entire US are produced, and flood zone status assigned and designated by a combination of letters and numbers. Any flood zone beginning with the letter "A" (Special Flood Zone Area) or a "V" (Coastal Barrier Area) is a Special Flood Hazard Area. All properties with a "federally related" mortgage are required to have flood insurance if located in a Special Flood Hazard Area; refer to section 106.0, Special Flood Hazard Areas (SFHA) or Coastal Barrier Resource Systems (CBRS).

### 102.1 Disputing a Flood Zone Determination

#### **Fannie Mae: Existing, Proposed, and New Construction**

If a borrower believes that their property has been incorrectly mapped and wishes to have the flood insurance requirement waived, they may submit a request directly to FEMA for a Letter of Map Amendment (LOMA).

If the borrower is successful in obtaining a map amendment from FEMA that removes the principal or residential detached structure securing the loan from a flood hazard area (the flood zone has been changed from "A" or "V" to something else), the LOMA can be forwarded to the flood certification provider, which will produce a "clear" flood certification.

Complete instructions and an online portal for submitting the request are available through FEMA's website, <http://www.fema.gov>.

The borrower is required to have flood insurance from the time of purchase until after the property produces a “clear” flood certification. Flood insurance cannot be waived based on a pending change.

### **Freddie Mac: Existing, Proposed, and New Construction**

If a borrower believes that their property has been incorrectly mapped and wishes to have the flood insurance requirement waived, they may pursue one of the following courses of action:

- The borrower and UHM may obtain, following a joint request to FEMA as provided under federal law, a Letter of Determination Review (LODR) concluding that the insurable improvements are not in an SFHA, or
- The borrower may submit a request directly to FEMA for a Letter of Map Change (LOMC, a.k.a. LOMA or LOMR):
  - If the borrower is successful in obtaining a map amendment (LOMA) from FEMA excluding the insurable improvements or the entire property from a flood hazard area (the flood zone has been changed from flood zone from “A” or “V” to something else), the LOMA can be forwarded to the flood certification provider, which will produce a “clear” flood certification.
  - If the borrower is successful in obtaining a map revision (LOMR) from FEMA removing the community’s SFHA designation, the LOMR can be forwarded to the flood certification provider, which will produce a “clear” flood certification.

Complete instructions and an online portal for submitting the request are available through FEMA’s website, <http://www.fema.gov>.

The borrower is required to have flood insurance from the time of purchase until after the property produces a “clear” flood certification. Flood insurance cannot be waived based on a pending change.

### **FHA:**

**For existing construction**, a LOMA/LOMR, even if obtained, does not replace the need for a flood insurance policy if any part of the property was originally determined to be within an SFHA.

**For new and proposed construction**, a LOMA/LOMR, even if obtained, does not replace the need for a flood insurance policy and flood elevation certificate if any portion of the property improvements were originally determined to be within an SFHA.

## **VA: Existing, Proposed, and New Construction**

Properties located within an SFHA must be covered by a flood insurance policy. A LOMA/LOMR, even if obtained, does not replace the need for a flood insurance policy if any part of the property was originally determined to be within an SFHA. If flood insurance is not available, the property is not eligible for a VA loan.

## **USDA:**

For **existing construction**, if any portion of the structure is within an SFHA, flood insurance (along with the other required documentation) must be obtained. A LOMA/LOMR, even if obtained, does not replace the need for a flood insurance policy if any part of the structure was originally determined to be within an SFHA.

Refer to Section 106.2, Location of Property or Separate Structure, for documentation requirements.

**New or proposed construction** within an SFHA is ineligible for a USDA loan. If a borrower believes that the subject property has been incorrectly mapped, they may pursue one of the following courses of action:

- The borrower may submit a request directly to FEMA for a Letter of Map Change (LOMC, a.k.a. LOMA or LOMR):
  - If the Borrower is successful in obtaining a map amendment or revision (LOMA or LOMR) from FEMA removing the property from a flood hazard area (the flood zone has been changed changing the flood zone from “A” or “V” to something else), the LOMA/LOMR can be forwarded to the flood certification provider, which will produce a “clear” flood certification.
  - Complete instructions and an online portal for submitting the request are available through FEMA’s website, <http://www.fema.gov>.
- A FEMA National Flood Insurance Program Elevation Certificate (FEMA form FF-206-FY-22-152) may be obtained:
  - The flood elevation certificate must be prepared by a licensed engineer or surveyor documenting that the lowest floor (including the basement) of the residential building, and all related improvements, structures, and/or equipment essential to the value of the property, are built at or above the 100-year flood elevation in compliance with the NFIP criteria.
- Documentation may be provided verifying that there are no practical alternatives to new construction within the SFHA.

## 103.0 Flood Certification

UHM must determine whether or not each security structure on the security property is located in an SFHA by using the Standard Flood Hazard Determination (SFHD) form endorsed by FEMA. SFHAs are shaded on a Flood Hazard Boundary Map and designated on a Flood Insurance Rate Map (FIRM). (For the purposes of these requirements, the term “security structure” is any structure that is securing the subject mortgage not just the subject dwelling).

The Flood Certification must be no more than 120 days old at closing. In addition to the certification, the vendor also provides life of loan reporting, and will notify UHM or a subsequent servicer if there is a change in a property’s flood zone determination. The Flood Certification is evidence of the individual property’s current flood zone determination and UHM’s compliance with federal law. The contract with the third-party flood cert provider enables our compliance with the requirement of keeping current information on a mortgaged property’s flood zone status. A Flood Certification is required on every transaction.

## 104.0 Flood Insurance Disclosure

A Notice of Special Flood Hazards (NSFH) must be provided to the borrower within a reasonable time prior to the closing if the property is located in a SFHA. The purpose of the NSFH is to advise the borrower about federal flood insurance coverage requirements and whether federal disaster relief assistance is available in that location.

If there are multiple borrowers, this notice must be provided to at least one borrower, and must be provided no less than 5 days prior to closing to ensure borrowers are made aware of the flood insurance requirements and to allow borrowers sufficient time to obtain flood insurance.

NOTE: UHM’s Compliance department suggests getting the disclosure to the borrower as early in the loan process as possible, as some Examiners/Regulators continue to apply the 10 days prior to closing requirement.

## 105.0 National Flood Insurance Program (NFIP)

The National Flood Insurance Program (NFIP) is administered under two statutes: The National Flood Insurance Act of 1968 (1968 Act) and the Flood Disaster Protection Act of 1973 (FDPA). The FDPA requires federal financial regulatory agencies to adopt regulations prohibiting their regulated lending institutions from making, increasing, extending, or renewing a loan secured by improved real estate or a mobile home located or to be located in a standard flood hazard area (SFHA) in a community participating in the NFIP unless property securing the loan is covered by flood insurance.

The National Flood Insurance Program (NFIP) covers improved real property or mobile homes located or to be located (new construction) in an area identified by the Federal

Emergency Management Agency (FEMA) as having special flood hazards. Covered properties generally include:

- Residential, industrial, commercial, and agricultural buildings that are walled and roofed structures which are principally above ground.
- Buildings under construction where a development loan is made to construct insurable improvements on the land. Insurance can be purchased to keep pace with the new construction.
- Mobiles homes that are affixed to a permanent site, including mobile homes that are part of a dealer's inventory and affixed to permanent foundations.
- Condominiums and co-operative buildings.

Flood insurance is required for the term of the loan on such properties when all three of the following factors are present:

- The institution originates, increases, extends, or renews any loan(s) (commercial or consumer), secured by improved real estate or a manufactured (or mobile) home that is affixed to a permanent foundation (security property).
- The property securing the loan is located or will be located in an SFHA as identified by FEMA and the community participates in the NFIP.

The flood insurance must be in full force and effect as of the date of the loan closing (note date) and the effective date, listed on the declaration page, should not be dated more than 30 days prior to the loan closing date (note date).

Community participation in the NFIP is based on a voluntary agreement between the local community and the federal government. If a community adopts and enforces a floodplain management ordinance to reduce future flood risks in Special Flood Hazard Areas, the federal government will make flood insurance available. If a community has chosen not to participate, flood insurance is not available within that community jurisdiction. Information regarding community non-participation will be on the flood certification.

## 106.0 Special Flood Hazard Areas (SFHA) OR Coastal Barrier Resource Systems (CBRS)

### 106.1 Property Eligibility and Policy Type

The Mortgagee must determine if a property is located in a Special Flood Hazard Area (SFHA) or Coastal Barrier Resource System Area (CBRS) as designated by the Federal Emergency Management Agency (FEMA). The Mortgagee must obtain flood zone determination services, independent of any assessment made by the Appraiser to cover the Life of the Loan Flood Certification.

If a residential building and related improvements/proposed improvements are located within the Coastal Barrier Resources System (CBRS), it is ineligible for all agencies.

Agencies do not require participation in NFIP (National Flood Insurance Program) when the property is not in an SFHA.



**Conventional & USDA:**

- Properties located in a SFHA must be located in a community that participates in the NFIP/has NFIP coverage available, regardless of whether the borrower obtains NFIP coverage or a private insurance policy.
- Properties located in non-participating communities, or where coverage is unavailable are ineligible.
- If the NFIP requirement is met, Private Flood Insurance (PFI) that meets agency guidelines is acceptable.

**FHA:**

- Properties located in a SFHA must be located in a community that participates in the NFIP/has NFIP coverage available.
- Properties located in non-participating communities, or where coverage is unavailable, are ineligible.

**VA:**

- Properties located in a SFHA must be covered by a flood insurance policy through the NFIP or PFI that meets agency requirements. For additional information, refer to Flood Insurance guidance below.
- Properties located in a SFHA are not eligible if flood insurance is not available.

**106.2 Location of Property or Separate Structure**

Freddie Mac - If the principal structure (subject dwelling) on a property is not located within an SFHA, flood insurance is not required on the principal structure (subject dwelling) even if another detached structure on the property is located within the SFHA. However, if the detached structure is attached to the land and serves as part of the security for the mortgage, flood insurance is required for the detached structure.

Fannie Mae - The following table describes how to evaluate a property to determine if flood insurance is required. For these requirements, the "principal structure" is the primary residential structure on the subject property.

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 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.

FHA –

**Existing Construction** – Flood insurance is required for properties where any portion of the dwelling, related structures, and/or equipment essential to the value of the property are located in a SFHA.

If a property is located within the Coastal Barrier zone (zone V) or within otherwise Protected Areas as defined by the Coastal Barrier Resources Act, then the property is not eligible for an FHA loan.

**Proposed or new construction** - If any portion of the property improvements (the dwelling and related structures/equipment essential to the value of the property and subject to flood damage) is located within a SFHA, the property is not eligible for FHA mortgage insurance unless:

- The lender obtains a FEMA National Flood Insurance Program Elevation Certificate (FEMA form FF-206-FY-22-152). The flood elevation certificate must be prepared by a licensed engineer or surveyor documenting that the lowest floor (including the basement) of the residential building, and all related improvements, structures, and/or equipment essential to the value of the property, are built at or above the 100-year flood elevation in compliance with the NFIP criteria, and
- The borrower obtains flood insurance.

Note: Insurance under the NFIP is required when a flood elevation certificate documents that the property remains located within a SFHA.

VA – Flood insurance is required on any building or personal property that secures a VA loan if the property is located in a SFHA.

The following property types are ineligible for a VA loan:

- A property located within the Coastal Barrier zone or within otherwise Protected Areas as defined by the Coastal Barrier Resources Act
- Proposed/under/new construction with elevation of the lowest floor below the 100-year flood level and the property is located in a SFHA

USDA –

**New or proposed construction** within an SFHA is ineligible for a USDA loan.

**Existing Construction** – The following necessary documentation is required for the approval or funding of an existing dwelling located in a SFHA. If any of the documentation or information cannot be obtained the loan is not eligible for purchase by USDA.

1. The community of the dwelling's location must be participating in the NFIP for the loan to be eligible for purchase by USDA.
2. The property is not located in a Coastal Barrier Resource System (CBRS).
3. Environmental Review – an environmental review is required to satisfy USDA requirements.

The following documentation must be included in the file outlined in RD Instructions 1940-G and 426.2:

- FEMA Form 086-0-32, Standard Flood Hazard Determination Form to determine whether the dwelling is located in a Special Flood Hazard Area (SFHA) in accordance with the National Flood Insurance Reform Act of 1994.
- A Modified Class 1 Environmental Assessment must be prepared using the 1940-21 Form with a determination that the transaction will have no significant effect on the quality of the human environment.
- A completed Flood Cert (SFHD) indicating the property is located in a participating NFIP community.
- Elevation Certificate (FF-206-FY-22-152) – an elevation certificate or an equivalent document indicating the first flood elevation of habitable space is at or above the 100-year flood plain. (This can be obtained by any one of the following departments within the municipality in which the subject is located: county housing/building or engineer’s department. If there is none on record with county then a qualified land surveyor, architect or engineer who by law can certify elevation information must be obtained.

First floor habitable space is defined as the first floor which is “finished” or has the reasonable potential to be “finished”. Therefore, the basement may be below the 100-year flood level if it has not been converted to habitable space. Proof of “habitable” space can be obtained from the appraisal report or property home inspection report.

- Evidence that the property is either served by public utilities and facilities which are located and constructed to minimize or eliminate flood damage. If the property is served by a well or sewage treatment system evidence that they have been located to avoid impairment of such systems and contamination from the sewage treatment system during flooding. (This can be verified through one of the county municipalities listed in 2c above).
- A copy of Form RD 3550-6 “Notice of Special Flood Hazards, Flood Insurance Requirements and Availability of Federal Disaster Relief Assistance” or the Special Flood Hazard Disclosure notifying the borrower of risks to property and persons living in a flood prone area.

Flood Insurance – Existing dwellings are eligible under the SFHGLP only if flood insurance, through FEMA’s National Flood Insurance Program (NFIP), is available for the community and flood insurance whether NFIP, “write your own” or private flood insurance as approved by UHM, is purchased by the Borrower. All Agencies will accept flood insurance issued by a private insurer. Refer to section 100.7, Private Flood Insurance, for more information.

Insurance must be obtained as a condition of closing and maintained for the life of the loan for existing residential structures when any portion of the structure is determined to be located in a SFHA, including decks and carports, etc.

However, according to the Homeowner Flood Insurance Affordability Act (HFIAA) of 2014, flood insurance is not required for any additional structures that are located on the property but are detached from the primary residential structure and do not serve as a residence, such as sheds, garages, or other ancillary structures. Existing dwellings financed through the SFHGLP are not subject to the requirement within RD Instructions 1970, Subpart F, which requires a search for practicable off-site alternatives to purchasing an existing dwelling within the SFHA.

**NOTE:** Part of the site may be located in the SFHA without triggering these requirements, as long as no part of the dwelling is located in the SFHA. At the Lender's discretion they may require flood insurance even if the residential building and related improvements to the property are located within the SFHA, but the Lender has reason to believe that the building and related improvements to the property may be vulnerable to damage from flooding.

## 107.0 Private Flood Insurance

### **Conventional, VA, and USDA**

Fannie Mae, Freddie Mac, USDA, and VA will accept flood insurance issued by a private insurer. Please reference agency guidelines for details.

UHM will not accept private flood insurance policies without this statement reflected on the insurance declaration page: *"This policy meets the definition of private flood insurance contained in 42 U.S.C. 4012a(b)(7) and the corresponding regulation."*

### **FHA**

Properties located in a SFHA must be located in a community that participates in the NFIP/has NFIP coverage available, regardless of whether the borrower obtains NFIP coverage or a private insurance policy. Properties located in non-participating communities, or where coverage is unavailable, are ineligible for private flood insurance.

As long as the NFIP requirement is met, FHA will allow a private flood insurance policy that meets FHA requirements to be purchased by the Borrower in lieu of an NFIP. The following statement must be reflected on the insurance declaration page\*: *"This policy meets the definition of private flood insurance contained in 24 CFR 203.16a(e) for FHA insured mortgages."*

\*Note: In the absence of the language on the insurance declaration page, the insurance agent or carrier may separately provide the statement above via email or some other written communication.

Please reference agency guidelines for details.

Note: All agencies except VA require that properties located in a SFHA also be in a community that participates in the NFIP. Non-participating communities are not eligible. For additional information see Properties in a Special Flood Hazard Area (SFHA) or Coastal Barrier Resource System Area (CBRS).

## 108.0 Payment of Flood Insurance

If flood insurance is required, one of the following must be provided:

- A flood insurance policy, along with a paid receipt evidencing the first full years' premium has been paid in full, or an invoice showing the amount due that may be paid at closing, is required. The effective date, listed on the declaration page, should not be dated more than 30 days prior to the loan closing date (note date).

OR

- A fully executed flood insurance application along with paid receipt evidencing the first full year's premium has been paid in full. The premium may also be paid at closing in lieu of the paid receipt.
  - Acceptance of a fully executed flood insurance application and permitting payment at closing is subject to change based on property location and weather-related events.

The following items are acceptable forms of a paid receipt:

- Copy of the Flood Insurance Application that includes evidence the premium amount has been paid in full.
- Paid receipt from the insurance agent or insurance company.
- Canceled check (copy of front and back).

### **Premium Used for Qualifying**

Fannie Mae, FHA, VA, & USDA: The actual premium required to be paid, whether the full risk premium or a discounted premium, must be used to qualify the Borrower.

Freddie Mac: If the flood insurance policy shows a full risk premium as well as a discounted premium, the full risk premium, plus any fees and surcharges, must be used to qualify the Borrower. The discounted premium may not be used.

## 109.0 Binders (Flood Insurance)

UHM will not accept either a Certificate of Flood Insurance or Binder as acceptable proof of coverage. Certificates of Flood Insurance and Binders do not meet NFIP or FEMA requirements. UHM will only accept a copy of a Flood Insurance Application provided by the insurance carrier.

## 110.0

## Purchase Transactions

- Borrowers are required to provide a receipt for payment of one full year of flood insurance at or before closing.
- Provide a copy of the Flood Insurance Application for the policy.
- Union Home Mortgage Corp is to be named as loss payee.
- The insurance must be in full force and effect as of the date of the loan closing (note date) and the effective date, listed on the declaration page, should not be dated more than 30 days prior to the loan closing date (note date).
- Flood Insurance Escrow is required regardless of LTV.
- UHM permits transfers of seller's flood insurance to the new buyer. If the borrower is assuming the seller's flood insurance, the borrower must provide evidence from the insurer that this change will take affect at time of title transfer.

### 111.0 Refinance Transactions

- Provide a copy of the current "in-force" Declarations page of the flood insurance policy.
- Union Home Mortgage Corp is to be named as loss payee.
- The insurance must be in full force and effect as of the date of the loan closing (note date) and the effective date, listed on the declaration page, should not be dated more than 30 days prior to the loan closing date (note date).
- Collect sufficient amount of months to cover premium from date of closing to policy renewal date. If the policy renewal date is due within 2 weeks (before or after) the first payment date of the new mortgage, the total amount of the annual premium must be collected at closing.
- Flood Insurance Escrow is required regardless of LTV.

### 112.0 Minimum Coverage Requirements

Conventional – the minimum amount of coverage for 1-4-unit properties and detached PUDs is the lowest of the three options below:

- 100% Replacement Cost;
- The maximum insurance available from the NFIP which is currently \$250,000 per dwelling; or
- The unpaid principal balance of the mortgage.

FHA – The minimum amount of coverage for 1-4-unit properties and detached PUDs is the lowest of the three options below:

- 100% Replacement Cost
- The maximum insurance available from the NFIP which is currently \$250,000
- The outstanding principal balance of the loan

VA – The minimum amount of coverage for 1-4-unit properties, detached PUDs, condos, townhouses, or row houses is lowest of the three options below:

- The outstanding principal balance of the loan; or
- The maximum limit of coverage available for the particular type of property under the National Flood Insurance Act which is currently \$250,000 or
- 100% Replacement Cost

USDA – The minimum amount of coverage for 1-4-unit properties and detached PUD's is the lowest of the two options below:

- The maximum insurance available from the NFIP which is currently \$250,000 per dwelling; or
- The unpaid principal balance of the mortgage.

Note: US Bank Serviced Housing Finance Agency Loans: US Bank requires the flood insurance to cover the amount of the promissory note to include the amount of the first mortgage and an HFA DPA if applicable.

This requirement supersedes UHM requirements when financing an HFA loan serviced by US Bank.

## 113.0 Deductible Amount

Conventional - The maximum allowable deductible for a flood insurance policy for a first mortgage is the maximum deductible available from the NFIP (currently \$10,000).

FHA – FHA now follows guidance regarding deductibles as required by the Biggert-Waters Flood Insurance Reform Act.

The Homeowner Flood Insurance Affordability Act and the National Flood Insurance Program (NFIP):

The Homeowner Flood Insurance Affordability Act has repealed and modified certain provisions of the Biggert-Waters Flood Insurance Reform Act which was enacted in 2012. In addition to several other changes, the law states that for residential properties, flood insurance coverage that provides for loss-deductible damage to the covered property shall be made available in various amounts, up to and including \$10,000. This amount is higher than FHA policy allowed as reflected in Section IX of Mortgagee Letter (ML) 94-7. The maximum deductible under ML 94-7 is no longer in effect, Federal Law supersedes the prior FHA policy in this case.

VA - Unless a higher maximum amount is required by state law, the maximum deductible clause for a flood insurance policy must not exceed the greater of \$1,000 or 1 percent of the face amount of the policy.

USDA: For USDA loans, the maximum allowable deductible for insurance covering a property (all perils, including wind, hail, flood, and hazard coverage) is \$10,000.

**Note:** When using a high deductible, ensure that the chosen deductible is reasonable in relation to the borrower's repayment ability, and will not cause undue hardship for the borrower.

## 114.0 Condominium and PUD General Requirements

The homeowners' association must obtain a Residential Condominium Building Association Policy or equivalent private flood insurance coverage for each building that is located in an SFHA. The policy must cover all of the common elements and property (including machinery and equipment that are part of the building), as well as each of the individual units in the building.

For individual condo units, stand-alone flood insurance dwelling policies for an attached individual condo unit are not acceptable. A master condo flood insurance policy must be maintained by the homeowners' association, subject to the coverage requirements below. (For detached units, refer to the requirements described in Coverage Requirements for 1-4 family unit properties shown above).

The insurance must be in full force and effect as of the date of the loan closing (note date) and the effective date, listed on the declaration page, should not be dated more than 30 days prior to the loan closing date (note date).

Master insurance policies are obtained, reviewed, and approved by UHM's Condo department.

### 114.1 Association Master Policy Minimum Coverage Requirements

#### Conventional

The homeowners' association must obtain a Residential Condominium Building Association Policy or equivalent private flood insurance coverage for each building that is located in an SFHA. The policy must cover all of the common elements and property (including machinery and equipment that are part of the building), as well as each of the individual units in the building.

Fannie Mae and Freddie Mac will accept flood insurance issued by a private insurer. Refer to section 100.7, Private Flood Insurance, for requirements.

The master flood insurance policy must be at least equal to the lesser of the two following options:

- 80% of the replacement cost
  - Note: If the master flood insurance policy meets the minimum coverage requirement of 80% of the replacement cost value, but the per unit coverage amount does not meet the requirement for loans secured by 1-4-unit properties, the unit owner must maintain a supplemental policy for the difference.

- OR -



- The maximum insurance available from NFIP per unit (which is currently \$250,000).
  - Note: If the commercial space of an attached condo is over 25%, coverage provided by the General Property Form (or equivalent coverage) is insufficient. A private flood insurance policy, or a private flood insurance policy in conjunction with a General Property Form policy (or equivalent coverage) must be maintained by the HOA to equate to coverage requirements for projects eligible for an RCBAP.

The contents coverage must equal the lesser of the two following options:

- 100% of the replacement cost value of all contents owned in common by the association members, or
- The maximum coverage amount available from NFIP.

### FHA

- The homeowners' association is required to obtain and maintain coverage equal to the replacement cost of the covered improvements or the NFIP maximum per Condominium Unit multiplied by the number of Condominium units, whichever is less.
- FHA will accept flood insurance issued by a private insurer. Refer to section 100.7, Private Flood Insurance, for requirements.
- The maximum limit of building insurance coverage of a residential condominium building in a regular program community is \$250,000 times the number of units in the building (not to exceed the building's replacement cost);
- The homeowner's association, not the borrower or the individual unit owner, is responsible for obtaining and maintaining adequate flood insurance under the NFIP on buildings located in a Special Flood Hazard Area (SFHA); and
- The flood insurance coverage must protect the interest of borrowers who hold title to an individual unit as well as the common areas of the condominium project
- The following documentation must be submitted:
  - HUD-9992,
  - FEMA flood map with the Condominium Project location clearly marked,
  - If applicable, the FEMA NFIP Elevation Certificate (FEMA Form FF-206-FY-22-152), and
  - If applicable, the certificate of insurance or complete copy of the Flood Insurance Policy.
- If any portion of the Structures or equipment essential to the value of the Condominium Project is located within an SFHA, then the Condominium Project is not eligible for Condominium Project Approval, unless flood insurance is obtained.

## VA

- The amount of flood insurance must be equal to the lesser of:
  - The outstanding principal balance of the loan; or
  - The maximum limit of coverage available for the particular type(s) of property under the National Flood Insurance Act which is currently \$250,000, or
  - 100% Replacement Cost
- The maximum limit of building insurance coverage of a residential condominium building in a regular program community is \$250,000 times the number of units in the building (not to exceed the building's replacement cost),
- The homeowner's association, not the borrower or the individual unit owner, is responsible for obtaining and maintaining adequate flood insurance under the NFIP on buildings located in a Special Flood Hazard Area (SFHA), and
- The flood insurance coverage must protect the interest of borrowers who hold title to an individual unit as well as the common areas of the condominium project, and
- The condominium must be located within an approved VA project.
- VA will accept flood insurance issued by a private insurer. Refer to section 107.0, Private Flood Insurance, for requirements.

## USDA

A FEMA Form FF-206-FY-21-116, Standard Flood Hazard Determination Form (SFHDF), must be completed to determine whether the dwelling is in a Special Flood Hazard Area (SFHA). The homeowners' association must obtain a Residential Condominium Building Association Policy or equivalent private flood insurance coverage for each building that is located in an SFHA.

USDA will accept flood insurance issued by a private insurer. Refer to section 100.7, Private Flood Insurance, for requirements.

### **114.2 Deductible Amount**

The deductible for a master projected cannot exceed the maximum deductible amount currently offered by the NFIP for condo projects insured by an RCBAP.

### **114.3 Master Policy, Named Insured**

The list below provides the requirements regarding the name of the insured entity.

Condo Projects: The policy must show the homeowners' association as the named insured. The "loss payable" clause should show the homeowners' association or the insurance trustee as a trustee for each unit owner and the holder of each unit's mortgage loan.

PUD Common Areas: The policy must show the homeowners' association as the named insured. Co-op Project Common Areas: The policy must show the co-op corporation as the named insured.

The insurance policy also must include the standard mortgagee clause and must name as mortgagee either the regulatory agency or the servicers for the mortgage loans. When a servicer is named as the mortgagee, its name must be followed by the phrase "its successors and assigns."

## 115.0 Mortgagee Clause

### **Mortgagee Clause for Insurance, for Loans Serviced by Union Home Mortgage including FNMA, FHLMC, FHA, VA, & USDA (Servicing Platform 43):**

Union Home Mortgage Corp.  
ISAOA/ATIMA  
P.O. Box 7115  
Troy, MI, 48007  
Loan #

### **Mortgagee Clause for Hazard Insurance, for Servicing Released loans including Jumbo, Bond, & Private Investors (Servicing Platform Blank):**

Union Home Mortgage Corp.  
ISAOA/ATIMA  
8241 Dow Circle  
Strongsville, OH 44136  
Loan #

### **Mortgagee Clause for Insurance, for Non-Delegated Correspondent Loans:**

NDC Partner (Lender's) Name and Address  
ISAOA/ATIMA

### **Texas Properties:**

Texas follows the same addresses as listed above, but the Union Home Mortgage Corp. name must also include the following statement:

Union Home Mortgage Corp.,  
ISAOA/ATIMA, and each successor and assign in ownership of the indebtedness secured by the insured mortgage, except a successor who is an obligor under the provisions of Section 12 (c) of the Conditions and Stipulations.

## 116.0 Policy Information Requirements

The Flood Insurance Application or flood insurance policy must include the following information:

- Borrower(s) name(s)
- Property address including the unit number, when appropriate
- Policy number (purchase transactions may only have an application number)
- Effective date (dated no more than 30 days prior to the loan closing date (note date))
- Deductible
- Mortgagee Clause
- Premium
- Dwelling coverage
- Loan Number

## 117.0 Standard Flood Determination Form

SECTION I	LOAN INFORMATION
#1	UHM’s complete name and address, company name, branch office, and requestor name.
#2	Subject property complete address, Borrower name
#3	UHM’s seller/servicer number if loan is being sold to Fannie or Ginnie Mae. The field should be left blank if loan is not being sold to Fannie or Ginnie Mae.
#4	UHM loan number
#5	This is an optional field. For UHM purposes this is a blank field.
SECTION II, A	NFIP COMMUNITY JURISDICTION
#1	NFIP Community Name – this is the city or municipality as indicated on the NFIP map in which the subject property is located
#2	County in which the subject property is located.
#3	State in which the subject property is located
#4	The NFIP community number. If the city or municipality does not participate in the NFIP, this field will be blank.
SECTION II, B	NFIP DATA AFFECTING BUILDING
#1	NFIP Community Map Number – this determines the location of the community in which the subject is located on the NFIP map.
#2	The Map effective date or the map revised date shown on the NFIP map.
#3	LOMA/LOMR Number – If a Letter of Map Amendment (LOMA) or a Letter of Map Revision (LOMR) has been issued by FEMA since the current Map’s

	effective date, the revised Map number and date of the revision will appear in this field.
#4	The flood zone determination. Anything starting with an “A” means the subject property (or a portion of the property) is located in a flood zone. Anything starting with a “V” means the subject property is located in a Coastal Barrier or Protected Lands zone.
#5	This is the NFIP Map number for the flood or Coastal Barrier zone. The field will be blank if the subject is not in a flood or Coastal Barrier zone.
SECTION II, C	FEDERAL FLOOD INSURANCE AVAILABILITY
#1	If this box is checked the community participates in the NFIP
#2	If this box is checked the community does not participate in the NFIP. Note: If this box is checked the loan is not eligible for financing with UHM.
#3	If this box is checked the subject is located in a Coastal Barrier or federally Protected Area. Note: If this box is checked the loan is not eligible for financing with UHM.
SECTION II, D	FLOOD ZONE DETERMINATION
	Verifies if subject is in flood zone A or V.
SECTION II, E	COMMENTS
	Comments section will provide information such as if only a portion of the subject is in a flood zone, census tract data, etc.
SECTION II, F	Name, address of flood cert provider
	Date flood cert was issued, cert number and life of loan coverage.