

Flood Insurance is required for any property that has a building, dwelling, structure, or improvement situated in a Special Flood Hazard Area (SFHA). All flood zones beginning with the letter “A” or “V” are considered SFHAs. Flood Insurance is required if any part of the structure is located within a SFHA.

**If a structure is located in a SFHA but the community does not participate in the National Flood Insurance Program (NFIP), the mortgage is not eligible for financing at FLCB.**

**Acceptable Providers**

- Fannie Mae/Freddie Mac allows insurance to be obtained through NFIP or private flood insurers.
- USDA allows insurance to be obtained through NFIP or private flood insurers (if private flood insurance is purchased by the borrower on a USDA loan, then the flood insurance must meet the requirements of 42 USC 4012a(b)(1)(A)).
- FHA requires flood insurance to be obtained through the NFIP program ONLY.
- VA should follow Fannie Mae/Freddie Mac guidelines.

Private flood insurers must meet the minimum standards for insurance underwriters as outlined in the Hazard Insurance Guidelines.

**1-4 Unit Properties**

Amount of Coverage

The minimum amount of flood insurance required for 1-4 unit properties, individual PUD units and certain individual condo units is the lowest of:

- 100% of the insurable value of the improvements as determined by the hazard insurer;
- the NFIP maximum which is currently \$250,000 per dwelling; or
- the unpaid principal balance of the mortgage

Below is an example of potential required flood coverage based on the new requirement that flood insurance be the lesser of the amount of hazard dwelling coverage or the maximum available under the NFIP.

SFD	Dwelling Coverage at Full Insurance Value as listed on hazard policy	Required Flood Coverage
Example 1	\$115,000 (dwelling coverage)	\$115,000
Example 2	\$667,000 (dwelling coverage)	\$250,000
Example 3	\$200,000 (dwelling coverage) \$50,000 (extended replacement cost)	\$200,000 <b>Note:</b> Extended Replacement Cost coverage is not considered when calculating the required flood coverage.

Evidence of Insurance

Each policy must be current and must have a paid receipt or invoice for balance to be collected at closing. New policies must be valid for one year. In the case of a refinance, the existing policy is acceptable provided the expiration date of the policy is clearly stated and the existing coverage extends a minimum of 60 days beyond the closing date. Flood Applications are acceptable and should contain the same information as a policy with the exception of a policy number. The policy must contain all of the following:

- Borrower's name(s) must be shown as primary insured. The property address must match the mortgage records (mortgage, note and title policy) exactly. No additional insured's or substitute names, not on the mortgage documents; including LLC's are acceptable under any circumstance.
- The mailing address must agree with property address except on second homes and investment properties when it should agree with home address on 1003.
- Policy number along with the policy inception and expiration dates must be clearly indicated. Annual premium must be indicated also along with paid receipt or invoice.
- Insurance carrier and agent must be clearly indicated with contact information including address and phone number.
- The Flood Zone of the property must be indicated on the policy/application and must match FLCB's flood determination provider's zone. If a discrepancy exists, evidence that the borrower's zone is "grandfathered" must be provided from the flood insurance company or insurance agency. If the improvements are in a split zone, the policy must be rated for the more hazardous zone.

#### Deductible

The maximum deductible is \$5,000 unless a higher maximum allowable deductible is required by state law (up to \$10,000).

#### **Detached Structures**

Residential detached structures, which are generally defined as having a food preparation area, bathroom and/or a sleeping area, are required to be insured up to 100% of the insurable value of the structure if any portion of the structure is located in a SFHA.

For detached structures that include some but not all three facilities listed above, FLCB will rely on information provided by the appraiser in making and documenting the decision to require flood insurance or not.

**VA Loans:** If the main dwelling is not in a SFHA but any detached structure(s) is/are, the appraiser must give value for the structure(s) and flood insurance must be obtained for the value of the structure(s). If the appraiser applies no value, flood insurance is not required.

**FHA Loans:** [FHA published their final rule accepting Private Flood Insurance for FHA-Insured Mortgages via Mortgagee Letter 2022-18 effective December 21, 2022, allowing Borrowers to obtain a private flood insurance policy in addition to flood insurance available through the National Flood Insurance Program.](#)

The flood policy must state whether the coverage obtained through NFIP, Private flood insurance or both. Private flood policies with the exact or similar language: "This policy meets the definition of private flood insurance contained in 24 CFR 203.16a(e) for FHA-insured mortgages" will be required.

**JUMBO Loans:** It is recommended that property be insured to at least 100% of the insurable value/replacement cost value.

## Condominiums

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 homeowner's association, subject to the coverage requirements below. For detached units, refer to the requirements described for 1-4 Unit properties.

### Amount of Coverage

Coverage amount must be equal to the lesser of the following:

- The maximum available from NFIP of \$250,000 per unit; **OR**
- 80% of the replacement cost of the improvements as established on the hazard insurer

The policy must also cover any common element buildings and any other common property located in a SFHA.

Coverage per unit can be determined by dividing the total amount of coverage by the number of units listed on the flood policy. Below is an example of potential required flood coverage.

Condo	# of Units	FEMA Maximum (\$250,000 x # of units)	Building Coverage as listed on hazard policy	Required Flood coverage
<b>Example 1</b>	18	\$4,500,000	\$3,248,442	\$2,598,754 or \$144,375
<b>Example 2</b>	4	\$1,000,000	\$2,430,000	\$1,000,000 or \$250,000
<b>Example 3</b>	84	\$21,000,000	\$12,500,000	\$10,000,000 or \$119,048

If the condo project master policy meets the minimum coverage requirements above but does not meet the 1-4 unit coverage requirements, a supplemental policy may be maintained by the unit owner for the difference.

**Note:** Projects located in flood zones with commercial space greater than 25% of the project's square footage, including any commercial parking facilities, may need supplemental or private flood insurance policies to meet Fannie Mae's requirements for flood insurance. Coverage under the National Flood Insurance Program may provide inadequate coverage for projects with commercial space in excess of 25%. See B7-3-07, Flood Insurance Coverage Requirements (03/29/2016) for additional information.

### Evidence of Insurance

A Master or blanket policy with an existing Policy Number must contain all of the following:

- Borrower's name(s) and address including the Unit #
- Policy inception and expiration dates must be clearly indicated
- Insurance carrier and agent must be clearly indicated with contact information including address and phone number.

### Deductible

The maximum deductible is \$25,000 for the Association's policy.

**Site Condos**

Coverage for site (detached) condominiums is determined under the same requirements as 1 to 4 family properties.

**Planned Unit Developments (PUD’s)**

Insurance requirements for a PUD project depend on the Association in charge of the project. Units will either be insured by the homeowner and follow the same requirements as 1 to 4 family properties or will be covered by a Master Policy held by the association and follow the same requirements as condominiums.

**Escrow Requirements**

For All flood zones beginning with the letter “A” or “V”, escrows for flood insurance premiums **may not be waived**, regardless of LTV, on loans secured by 1–4-unit properties (including PUD’s and site condos).

Please note that escrow of flood insurance is not required where flood insurance requirements are managed and paid by a condominium association, homeowner’s association, or other group.

**Effective immediately, FLCBank will not accept escrows on any elective insurance, including flood insurance policies on properties which are not designated to be in SFHA zone A or V.**

**Mortgagee Clause**

**Broker**

Florida Capital Bank, N.A.  
ISAOA ATIMA  
P.O. Box 551390  
Jacksonville, FL 32255-1390

**Correspondent**

Lender’s name as reflected on  
the Note/Security Instrument  
ISAOA ATIMA  
(Lender’s address)

**OR**

Florida Capital Bank, N.A.  
ISAOA ATIMA  
P.O. Box 551390  
Jacksonville, FL 32255-1390