

Tuesday, June 27, 2023

Bulletin #2023-AC-018

## NOTICE TO ALL CUSTOMERS

### Conventional Mortgages and Condominium Property Insurance Requirements

FLC Bank would like to remind customers that properties located in a Condominium Project must comply with established Condominium Project Insurance requirements posted in our Resource Center under Closing Documents Guidelines to ensure property insurance coverage is confirmed:

- The Project's Homeowner's Association (HOA) must insure the building, project improvements, and structures in the condominium project as well as common elements, which may include but are not limited to fixtures, machinery, and equipment in an amount of at least equal to 100% of their replacement cost value under the ISO's Condominium Association Coverage Form. The insurance coverage must provide for loss or damage settlement at full (100%) replacement cost.
- Alternatively, an insurance policy with one of the following is also acceptable to determine the full replacement cost: a guaranteed replacement cost or extended replacement cost. Policies written on actual "cash value" basis are not acceptable.

Also, if the project's policy does not cover the interior of the condominium unit or the improvements of the same, the borrower must maintain an HO-6 individual owner policy with sufficient coverage to repair the unit.

For more details, please refer to [Fannie Mae Selling Guide B7-3-03](#), Master Property Insurance Requirements for Project Developments and [Freddie Mac Selling Guide Chapter 8202](#), Property Insurance Requirements.

Please contact your [Account Executive or Client Relations Representative](#) if you have any questions.