

Tuesday, February 13, 2024

Bulletin #2024-AC-007

## NOTICE TO ALL CUSTOMERS

### Property Insurance Clarifications

Through recent announcements, Fannie Mae [SEL-2024-01](#) and Freddie Mac [Bulletin 2024-1](#), the GSE's have clarified Property insurance requirements. These clarifications applied to property insurance policies for one- to four-unit properties and master property insurance policies for project developments include:

- Specifying that claims must be settled on a replacement cost basis and that insurance policies that provide for claims to be settled at actual cash value or limit, depreciate, reduce or otherwise settle losses for less than a replacement cost basis are not acceptable.
- Specifying that the Lender must verify the replacement cost value of the Mortgaged Premises as of the current insurance policy effective date and provide examples of acceptable replacement cost verification sources.
- Removing coinsurance requirements and references to guaranteed replacement cost, extended replacement cost and replacement cost coverage for master insurance policies.
- Specifying that policy limits for master condominium and cooperative projects must be at least equal to 100% of the replacement cost value of the project's improvements, including Common Elements and residential structures, as of the current insurance policy effective date.

As a reminder, for full details refer to FLCBank's [Hazard Guides](#) posted in the Resource Center.

If you have any questions, please contact your [Account Executive or Client Relations Representative](#).