



Seller Guide Update



SEL-2026-013: Agency Condominium Property Insurance Updates

April 10, 2026

Correspondent Lending

Housing Finance Agency (HFA)

Summary

Underwriting/Delivery	
X	Corr. Delegated
X	Corr. Non-Delegated
X	Corr. EZD
X	Corr. Mandatory
X	HFA Delegated
X	HFA Non-Delegated
Products	
X	Conv. (Freddie)
X	Conv. (Fannie)
	Conv. (Portfolio)
	FHA
	VA
	Rural Development

Effective Date: Immediately

U.S. Bank is announcing the recent updates to Agency Condominiums Property Insurance requirements. Both agencies issued aligned updates to ease borrower and HOA cost pressures driven by rising insurance premiums and limited market availability, while maintaining core loss-mitigation protections.

The changes that are reviewed by the Project Approval Department (PAD) or Delegated lenders primarily affect roof coverage, coverage sufficiency calculations and deductibles for Condominium HOAs.

Coverage Requirements

1. Roof Coverage

- The roof must be insured and the policy must be in force at loan delivery.
- Actual Cash Value (ACV) coverage is acceptable for roofs.
- Replacement Cost Value (RCV) coverage for roofs is no longer required.

2. Primary Structure Coverage

- All non-roof structural components (dwelling/building) must remain insured on a Replacement Cost Value (RCV) basis.

Deductible Validation

3. Per-Unit Deductibles (Condominium HOAs)

- Where a master policy includes a per-unit deductible, the deductible must not exceed \$50,000 per unit. An HO-6 Policy will be required to cover the per unit deductible.

4. Per-Occurrence Deductibles

- Deductibles for required perils must not exceed 5% of the applicable building coverage limit per occurrence.

5. Deductible Buy-Back Policies (Condominium HOAs)

- Deductible buy back insurance is permitted.
 - A deductible buy-back policy is a separate insurance policy that reimburses or covers some or all of the deductible owed under a primary property insurance policy when a covered loss occurs. In plain terms, it is insurance on the deductible itself.
- Underwriting must confirm the buy back policy meets all applicable Guide requirements and does not create coverage gaps.



HO 6 (Unit Owner) Insurance

6. HO 6 Requirement Triggers
 - a. An HO 6 policy is required when:
 - i. The master policy does not cover all or any portion of the unit interior, or
 - ii. The master policy includes a per unit deductible.
7. HO 6 Coverage Amount
 - b. The HO 6 coverage limit must be no less than the greater of:
 - i. The amount required to restore the unit to its pre loss condition, or
 - ii. The applicable per unit deductible.
8. HO 6 Deductible
 - c. The HO 6 deductible may not exceed the greater of:
 - i. 5% of the HO 6 coverage limit, or
 - ii. \$2,500.

Peril and Policy Scope

9. Wind / Named Storm Coverage
 - a. Where wind coverage is required, the policy must explicitly include named storms as designated by the National Weather Service (NWS) or NOAA.
10. Policy Validity
 - b. Policies must be active, issued by acceptable carriers, and compliant with applicable Guide provisions at delivery.

Single Family Residence/PUDS

The Property Insurance changes that impact Single Family Residences and PUDS will be communicated after Fannie Mae and Freddie Mac update their Selling Guides to reflect these new requirements.

Reminders

The policy updates provide affordability and operational relief (e.g., ACV roofs, deductible simplification); however, underwriting responsibility remains unchanged with respect to:

- Ensuring insured interest is preserved,
- Confirming deductible exposure is bounded, and
- Verifying borrower participation in loss through HO-6 coverage when required.

Questions



Correspondent: Please contact your Account Executive or the Client Support Area at 800.200.5881, option 1.

HFA: Please contact the Housing Finance Agency Hotline at 800.562.5165, option 1 for the HFA Customer Care Team.
