

Guidance on Acceptance of Private Flood Policies

FHA		
24 CFR § 203.16a(b) (10/15/1999)	<p>(a) If the mortgage is to cover property improvements (dwelling and related structures/equipment essential to the value of the property and subject to flood damage) that:</p> <ul style="list-style-type: none"> (1) Are located in an area designated by the Federal Emergency Management Agency (FEMA) as a floodplain area having special flood hazards, or (2) Are otherwise determined by the Commissioner to be subject to a flood hazard, and if flood insurance under the National Flood Insurance Program (NFIP) is available with respect to these property improvements, the mortgagor and mortgagee shall be obligated, by a special condition to be included in the mortgage commitment, to obtain and to maintain NFIP flood insurance coverage on the property improvements during such time as the mortgage is insured. <p>(b) No mortgage may be insured that covers property improvements located in an area that has been identified by FEMA as an area having special flood hazards, unless the community in which the area is situated is participating in the National Flood Insurance Program and such insurance is obtained by the mortgagor. Such requirement for flood insurance shall be effective one year after the date of notification by FEMA to the chief executive officer of a flood prone community that such community has been identified as having special flood hazards.</p>	✗
Handbook 4000.1 II.A.1.b.iv.A.1.e	<p>For properties located within SFHA, flood insurance must be maintained for the life of the mortgage in an amount at least equal to the lesser of:</p> <ul style="list-style-type: none"> • the outstanding balance of the Mortgage, less estimated land costs; or • the maximum amount of the NFIP insurance available with respect to the property improvements. 	
Fannie Mae		
Fannie Mae Selling Guide Part B7-3-07, Flood Insurance Coverage Requirements (12/04/2019)	<p>Acceptable Flood Insurance Policies The flood insurance policy must be one of the following:</p> <ul style="list-style-type: none"> • a standard policy issued under the NFIP; or • a policy issued by a private insurer as long as <ul style="list-style-type: none"> - the terms and amount of coverage are at least equal to that provided under an NFIP policy based on a review of the full policy issued by a private insurer, and - the insurer meets Fannie Mae's rating requirements as specified in B7-3-01, Property Insurance Requirements for Insurers <p>A Policy Declaration page is acceptable evidence of flood insurance.</p>	✓
Freddie Mac		
Freddie Mac Single Family Seller/Service Guide Chapter 8202.3	<p>If the SFHDF identifies the insurable improvements on the Mortgaged Premises as located in an area that has been identified as a Special Flood Hazard Area (SFHA) containing the letter "A" or "V" within its designated zone on a flood map (Flood Hazard Boundary Map or Flood Insurance Rate Map) of FEMA, the Seller/Service must ensure that flood insurance is obtained and maintained on such improvements for the term of the Mortgage. The flood insurance policy may be issued by any insurer qualified under Section 8202.1, and the terms and conditions of the flood insurance coverage must be at least equivalent to the terms and conditions of coverage provided under the standard policy of the National Flood Insurance Program (NFIP) for the type of improvements insured.</p>	✓
VA		
VA Pamphlet 26-7, Chapter 9: Sec. 10.b	<p>The lender is responsible for ensuring that flood insurance is obtained and maintained on any building or personal property that secures a VA loan if the property is located in a special flood hazard area (SFHA), as identified by the Federal Emergency Management Agency (FEMA).</p>	✓
USDA		
<i>Guarantee</i>	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 the lender, is purchased by the borrower.	
HB-1-3555 Chapter 12 Section 10	<p>Lenders are required to accept private flood insurance policies that meet the requirements of 42 USC 4012a (b)(1)(A). 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.</p>	✓