



MFM Bulletin: 009-2026

Date: March 30, 2026

Subject: Fannie and Freddie Property Insurance Updates

Fannie Mae and Freddie Mac have made some significant changes to property insurance requirements for 1-4 family homes, condo, and PUD projects. They have also made changes regarding condo project eligibility.

1-4 Unit property insurance requirements:

- We are no longer required to verify the replacement cost value (RCV) for 1- to 4-unit properties. The minimum coverage limit calculation involving the UPB and 80% of the RCV, along with the corresponding examples and RCV verification requirements in the Fannie Mae and Freddie Mac selling guides, have been retired. **Also, the requirement for roofs to be covered on a replacement cost basis has been retired.**

Insurance Requirements:

- The property securing the Mortgage must be covered by an insurance policy that provides coverage on a replacement cost basis, excluding roofs.
- Roofs must be insured but do not have to be covered on a replacement cost basis. Roofs may be covered on an actual cash value basis.

Deductible Requirements:

- The deductible(s) for all perils may not exceed 5% of the dwelling coverage.

Master Property Insurance (Planned Unit Developments (PUDs), Condominium Projects and Cooperative Corporations) Coverage Sufficiency Requirements:

- Coverage sufficiency requirements have been updated to permit the inclusion of a guaranteed replacement cost or extended replacement cost endorsement, or equivalents, to evidence 100% RCV coverage. All other coverage sufficiency requirements not described in this Bulletin remain unchanged.

Loss Settlement Requirements, Including Roofs:

- The requirement to ensure roofs on a replacement cost basis has been retired. The master property insurance policy must now provide for coverage on a replacement cost basis, excluding roofs. Roofs must be insured but may be covered on an actual cash value basis.

Inflation Guard Endorsement Requirement:

- The inflation guard coverage is no longer required.



Expansion of project exempt from review:

- Fannie Mae and Freddie Mac have expanded our “Exempt from Review” requirement to apply to New and Established Condominium Projects from 2-4 units to those that consist of 2 to 10 units.
- For Condominium Projects consisting of 5 to 10 units, the project must not be part of a Master Association to use the exempt from review option.

The Condominium Project must:

- Not be a Condominium Hotel or similar type of transient housing, a houseboat project, a timeshare project or a project with segmented ownership.
- Not include Manufactured Homes unless the Condominium Unit Mortgage is a Refi Possible® Mortgage.
- Not be in need of Critical Repairs and not have an evacuation order. Not be the subject of any action that would cause the Condominium Project to cease to exist and not be the subject of an insolvency proceeding (see Section 5701.3 (p) for details).
- Be composed of at least five but no more than 10 units that are each separately deeded with separate legal descriptions.
- Meet the general project eligibility requirements.

Review Requirements for Condo Projects in Florida

- For new Condominium Projects with attached units in Florida, the project is no longer required to have an “Approved by Fannie Mae” status designation in Fannie Mae’s Condo Project.

Investor concentration requirements for established projects

- The 50% owner occupancy requirement for investment properties has been retired.

Please contact the MFM Underwriting Dept. (underwriting@memberfirstmortgage.com) if you have any concerns pertaining to guidelines and/or eligibility.

Thank you