

✓	The servicer must...
	Require the borrower to obtain appropriate endorsements that will bring the coverage in line with Fannie Mae's requirements if the existing property insurance policy does not comply with Fannie Mae's requirements and send a copy of these endorsements to the servicer of the first-lien mortgage loan.
	Ensure property insurance premiums are paid, see B-1-01, Administering an Escrow Account and Paying Expenses for additional information.
	Obtain lender-placed insurance in response to notification that coverage is being cancelled, non-renewed, or has lapsed, in accordance with B-6-01, Lender-Placed Insurance Requirements .

Recent Related Announcements

The table below provides references to recently issued Announcements that are related to this topic.

Announcements	Issue Date
Announcement SVC-2026-05	August 12, 2026
Announcement SVC-2024-01	February 14, 2024
Announcement SVC-2022-08	December 21, 2022
Announcement SVC-2021-09	December 8, 2021
Announcement SVC-2020-07	December 9, 2020

B-2-02, Property Insurance Requirements for One- to Four-Unit Properties (08/12/2026)

Introduction

This topic contains the following:

- [Overview](#)
- [Minimum Monitoring Requirements for First Lien Mortgage Loans](#)
- [Minimum Monitoring Requirements for Second Lien Mortgage Loans](#)

- [Mortgagee Clause Requirements for Second Lien Mortgage Loans](#)

Overview

This topic describes additional requirements only applicable to servicers. Refer to *Selling Guide*, B7-3-02, *Property Insurance Requirements for One- to Four-Unit Properties* for property insurance requirements for mortgage loans secured by a one- to four-unit property, including

- required perils,
- coverage sufficiency, and
- maximum deductible.

Refer to *Selling Guide*, B7-3-08, *Mortgagee Clause, Named Insured, and Notice of Cancellation Requirements* for the applicable requirements for mortgage loans secured by a one- to four-unit property.

Minimum Monitoring Requirements for First Lien Mortgage Loans

While the servicer remains obligated in accordance with *Selling Guide* A2-1-03, *Indemnification for Losses*, the following describes Fannie Mae's minimum requirements for monitoring property insurance policies depending on whether the policy obtained is a new or renewal policy.

New or Renewal Policy	Minimum Requirements
New Policy	The servicer must confirm that the property insurance policy meets the requirements for • insurer rating, as described in <i>Selling Guide</i> B7-3-01, <i>General Property Insurance Requirements for All Property Types</i>; and • required perils, coverage sufficiency, and maximum deductible, as described in <i>Selling Guide</i> B7-3-02, <i>Property Insurance Requirements for One-to Four-Unit Properties</i>.

New or Renewal Policy	Minimum Requirements						
Renewal Policy	At least annually, the servicer must confirm that the property insurance policy meets the requirements for • insurer rating, as described in <i>Selling Guide B7-3-01, General Property Insurance Requirements for All Property Types</i>; and • required perils, coverage sufficiency, and maximum deductible, as described in <i>Selling Guide B7-3-02, Property Insurance Requirements for One-to Four-Unit Properties</i>. If, based on the initial evidence of insurance provided, the servicer is unable to confirm whether the policy meets the replacement cost coverage requirements in <i>Coverage Sufficiency in Selling Guide B7-3-02, Property Insurance Requirements for One-to Four-Unit Properties</i>, the servicer is authorized to determine whether the policy coverage amount in the policy under review has decreased from the last known coverage amount and take the action described in the following table. <table border="1"> <thead> <tr> <th data-bbox="386 800 727 909">If the policy coverage amount...</th><th data-bbox="727 800 1421 909">Then...</th></tr> </thead> <tbody> <tr> <td data-bbox="386 909 727 1241">has decreased from the last known coverage amount or the servicer cannot determine the last known amount</td><td data-bbox="727 909 1421 1241">the servicer must take additional steps it deems appropriate to confirm that the property insurance policy meets the replacement cost coverage requirements in <i>Coverage Sufficiency in Selling Guide, B7-3-02, Property Insurance Requirements for One-to Four-Unit Properties</i> and document its efforts in the individual mortgage loan file.</td></tr> <tr> <td data-bbox="386 1241 727 1530">has not decreased from the last known coverage amount</td><td data-bbox="727 1241 1421 1530">any additional action the servicer takes to confirm that the property insurance policy meets the replacement cost coverage requirements in <i>Coverage Sufficiency in Selling Guide, B7-3-02, Property Insurance Requirements for One-to Four-Unit Properties</i> is at its discretion.</td></tr> </tbody> </table>	If the policy coverage amount...	Then...	has decreased from the last known coverage amount or the servicer cannot determine the last known amount	the servicer must take additional steps it deems appropriate to confirm that the property insurance policy meets the replacement cost coverage requirements in <i>Coverage Sufficiency in Selling Guide, B7-3-02, Property Insurance Requirements for One-to Four-Unit Properties</i> and document its efforts in the individual mortgage loan file.	has not decreased from the last known coverage amount	any additional action the servicer takes to confirm that the property insurance policy meets the replacement cost coverage requirements in <i>Coverage Sufficiency in Selling Guide, B7-3-02, Property Insurance Requirements for One-to Four-Unit Properties</i> is at its discretion.
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has not decreased from the last known coverage amount	any additional action the servicer takes to confirm that the property insurance policy meets the replacement cost coverage requirements in <i>Coverage Sufficiency in Selling Guide, B7-3-02, Property Insurance Requirements for One-to Four-Unit Properties</i> is at its discretion.						

Upon identifying that a property insurance policy does not comply with one or more of the above requirements, the servicer must notify the borrower of the insufficiency.

The servicer must have procedures that describe the methods used to adhere to the minimum monitoring requirements. If the servicer relies on a process to monitor for instances when a policy's coverage amount decreases, the procedures must describe the methods used to monitor for coverage decreases and the subsequent steps to confirm evidence of coverage that meets our requirements. Additionally, the servicer's

procedures must describe the steps, as applicable, used to attempt to resolve a non-compliant property insurance policy, which may include lender-placed insurance.

Minimum Monitoring Requirements for Second Lien Mortgage Loans

The servicer must have procedures in place to monitor and confirm sufficient property insurance coverage is in place for second lien mortgage loans.

Mortgagee Clause Requirements for Second Lien Mortgage Loans

For a second lien mortgage loan, the mortgagee clause in the property insurance policy for the first lien mortgage loan must be amended to recognize the second lien mortgage loan and to clearly set out Fannie Mae's interest in the policy coverage.

Recent Related Announcements

The table below provides references to recently issued Announcements that are related to this topic.

Announcements	Issue Date
Announcement SVC-2026-05	August 12, 2026
Announcement SVC-2022-08	December 21, 2022
Announcement SVC-2021-09	December 8, 2021

B-2-03, Master Property Insurance Requirements for Project Developments (02/14/2024)

Introduction

This topic contains the following:

- [Overview](#)
- [Acceptable Evidence of Master Property Insurance Policies](#)