

4703.3

Flood insurance

Effective 12/06/2026

Important Notice

The Section you are viewing has multiple versions available based on effective date. You may access future and current versions by using the drop-down menu above. For previous versions, [visit AllRegs](#).

This section contains requirements related to:

- [Determining if a property requires flood insurance](#)
- [Acceptable flood insurance policies](#)
- [Coverage sufficiency](#)
- [Deductibles](#)
- [National Flood Insurance Program \(NFIP\) lapses](#)

(a) Determining if a property requires flood insurance

A flood zone determination (FZD) must be made for each property securing a Mortgage sold to Freddie Mac.

(i) FZD

An FZD must be documented by a completed FEMA Standard Flood Hazard Determination Form, FEMA Form 086-0-032 ([Exhibit 13, Standard Flood Hazard Determination Form \[SFHDF\]](#)) in accordance with federal law. The following requirements must be met:

- The SFHDF may be used in a printed, computerized or electronic manner and must be retained for the life of the Mortgage in either hard copy or electronic format. Any alternative electronic format must contain all mandatory fields indicated on the SFHDF.
- The date in the “**date determination**” field on the SFHDF must be a date that is no more than 120 days before the Note Date of the Mortgage or, if applicable, the Note Date of the refinance Mortgage.

Exception: The “Date of Determination” field on the SFHDF may be a date that is more than 120 days before the Note Date of the Mortgage or, if applicable, the Note Date of the refinance Mortgage if the Seller uses a “life of loan” FZD where the third party providing the FZD provides a “life of loan” certificate assuring that the Mortgage is monitored for compliance.

- The loan number or other identifying information in the “**Loan Identifier**” field on the SFHDF must be the loan number or other identifying information for the Mortgage or, if applicable, the refinance Mortgage
- The Seller/Servicer warrants that any FZD made by a party other than the Seller/Servicer is guaranteed by the FZD maker to be accurate, in accordance with federal law.

The Seller/Servicer, however, remains responsible to Freddie Mac for the accuracy of any FZD made by the Seller/Servicer or any party other than the Seller/Servicer.

(ii) Special Flood Hazard Area (SFHA) designation

If the SFHDF identifies the insurable improvements on the Mortgaged Premises as located in an area that has been identified as an 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 the Federal Emergency management Agency (FEMA), the Seller/Serviceer must ensure that flood insurance is obtained and maintained on such improvements for the term of the Mortgage.

(iii) Waiving or discontinuing flood insurance

The Seller/Serviceer may waive or discontinue the flood insurance requirement if one of the following is obtained:

- Letter of Map Amendment (LOMA): The Borrower has provided the Seller/Serviceer with a LOMA from FEMA excluding the insurable improvements or the entire property from the SFHA, or
- Letter of Map Revision (LOMR): The Borrower has provided the Seller/Serviceer with a LOMR from FEMA removing the community's SFHA designation
- Letter of Determination Review (LODR): The Borrower and the Seller/Serviceer have obtained, following a joint request to FEMA as provided under federal law, a LODR concluding that the insurable improvements are not in the SFHA

Until FEMA issues the applicable LOMA, LOMR or LODR, the Borrower must maintain flood insurance on the insurable improvements. Upon issuance of a LOMA, LOMR or LODR, the Borrower may request from FEMA a refund of paid flood insurance premiums through the insurance agent servicing the flood insurance policy. A copy of the LOMA, LOMR or LODR, as applicable, must be maintained in the Mortgage file in accordance with [Chapters 3301, 3302 and 3401](#).

For 1- to 4-unit properties, the Seller/Serviceer may waive the flood insurance requirements for structures on the Mortgaged Premises that are detached from the primary residential structure and do not serve as a residence.

(iv) Nonparticipating communities

If the insurable improvements on the Mortgaged Premises are located in an SFHA but the community does not participate in the NFIP ("nonparticipating community"), the Mortgage is not eligible for sale to Freddie Mac.

(v) Unmapped areas

If the insurable improvements on the Mortgaged Premises are located in an area that has not been mapped by FEMA and the Seller/Serviceer is not aware of any flood risks to which the improvements are exposed, the Mortgage is eligible for sale to Freddie Mac without the benefit of flood insurance.

If the area has not been mapped by FEMA but the Seller/Serviceer is aware that the insurable improvements are exposed to flood risks, the Mortgage is not eligible for sale to Freddie Mac without flood insurance on the improvements.

(b) Acceptable flood insurance policies

The flood insurance policy may be one of the following:

- A standard policy issued by the NFIP, or
- A policy issued by a private insurer that is qualified under [Section 4703.1](#) with at least equivalent terms and conditions to the standard NFIP policy for the types of improvements insured, including coverage, deductibles and exclusions and conditions offered

(c) Coverage sufficiency

(i) 1- to 4-unit properties, Planned Unit Developments (PUDs) and ground lease communities

(A) Communities participating in the NFIP Emergency Program

If the community where the Mortgaged Premises are located participates in the Emergency Program of the NFIP, the flood insurance coverage on the insurable improvements must at least equal the lowest of the following:

- The UPB of the Mortgage
- The maximum amount of coverage currently sold under the Emergency Program of the NFIP for the type of improvements insured
- The replacement cost of the insurable improvements

The Seller/Service must ensure that the Borrower increases flood insurance coverage on the insurable improvements when the community moves into the Regular Program of the NFIP as described below.

(B) Communities participating in the NFIP Regular Program

If the community where the Mortgaged Premises are located participates in the Regular Program of the NFIP, the flood insurance coverage on the insurable improvements must at least equal the lowest of the following:

- The UPB of the Mortgage
- The maximum amount of coverage currently sold under the Regular Program of the NFIP for the type of improvements insured
- The replacement cost of the insurable improvements

(ii) Condominium Units

(A) 2- to 4-Unit Condominium Project or Detached Condominium Project

Flood insurance requirements for 1- to 4-unit properties apply to similar residential properties in a 2- to 4-Unit Condominium Project or Detached Condominium Project.

(B) All other Condominium Projects

If the Condominium Unit securing a Mortgage sold to or serviced for Freddie Mac is in a building in a Condominium Project other than a 2- to 4-Unit Condominium Project or Detached Condominium Project, and all or part of the building is in an SFHA, the following flood insurance coverage, as applicable, is required:

1. Condominium homeowners association's (HOA's) coverage

The condominium HOA must maintain a Residential Condominium Building Association Policy (RCBAP) or equivalent private flood insurance policy on the subject unit's building for the lower of:

- (i) 80% of the building's replacement cost, or
- (ii) The maximum coverage amount available from the NFIP per unit*

The condominium HOA must maintain contents coverage on the building for the lower of:

- (i) The actual cash value of the contents in the building that are owned in common by the association members, or
- (ii) The maximum amount of contents coverage sold by the NFIP for a condominium building

*If the commercial space of an attached condominium building is over 25%, coverage provided by the General Property Form (or equivalent coverage) is insufficient. A private flood insurance policy, or a private flood insurance policy in conjunction with a General Property Form policy (or equivalent coverage), must be maintained by the HOA to equate to coverage requirements for condominiums eligible for an RCBAP.

2. Unit owner's coverage

To the extent the condominium HOA's building coverage meets the minimum requirements above, but the Condominium Unit allocation does not meet the 1- to 4-unit coverage requirement, the Borrower must maintain supplemental coverage on the Condominium Unit.

The coverage must be at least equal to the difference between the condominium HOA's building coverage allocated to that Condominium Unit and the amount required on a 1- to 4-unit property.

(iii) Cooperative Corporations

The Cooperative Corporation must maintain flood insurance on each building that is located in an SFHA.

The building coverage must be the lower of:

- (i) 100% of the building's replacement cost, or
- (ii) The maximum amount of building coverage sold by the NFIP

The contents coverage must be the lower of:

- (i) 100% of the insurable replacement cost of all contents owned by the Cooperative Corporation, or
- (ii) The maximum amount of contents coverage sold by the NFIP

A blanket policy of flood insurance covering more than one building or structure in the Cooperative Project is acceptable if each building or structure covered by the blanket policy is insured for at least the individual building and contents limits stated above.

(d) Deductibles

The flood insurance policy deductible(s) may not exceed the maximum deductible amount currently allowed under the NFIP for the type of improvements insured.

(e) NFIP lapses

If the NFIP’s authority to issue new and renewal policies and increase coverage on existing policies lapses, Freddie Mac requirements for flood insurance remain unchanged.

Seller/Servicers must ensure payments to renew expiring policies are made as scheduled.

During a lapse, if a Borrower applies for NFIP flood insurance, acceptable evidence pending issuance of a final NFIP policy may include one of the following:

- A completed and executed NFIP Flood Insurance Application plus a copy of the Borrower’s premium check or agent’s paid receipt
- A completed and executed NFIP Flood Insurance Application plus the final Settlement/Closing Disclosure Statement reflecting the flood insurance premium collected at closing, or
- A completed and executed NFIP General Change Endorsement Form showing the assignment of the current flood insurance policy by the property seller to the Borrower

Seller/Servicers that accept interim evidence of NFIP coverage as described above during a lapse in the NFIP’s authority must confirm that they have final evidence of coverage meeting the requirements of Section 4703.3 once the NFIP’s authority has been reinstated.

Private flood insurance is not affected by a lapse in the NFIP’s authority.

Related Guide Bulletins	Issue Date
Bulletin 2026-13	October 7, 2026