- HomeStyle Refresh and HomeStyle Renovation loans;
- Texas Section 50(a)(6) loans; and
- loans executed using a power of attorney.

Special Feature Code

The lender must report Special Feature Code 155 when delivering a loan that uses an attorney title opinion letter in lieu of a title insurance policy. This code is in addition to any other SFCs that may apply (see *Special Feature Codes* for additional information).

Recent Related Announcements

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

Announcement	Issue Date
Announcement SEL-2025-10	December 10, 2025
Announcement SEL-2023-11	December 13, 2023
Announcement SEL-2022-03	April 06, 2022

Chapter B7-3, Property and Flood Insurance

Introduction

This chapter describes Fannie Mae’s requirements for property and flood insurance. See *Servicing Guide* Chapter B-2, Property Insurance Requirements, Chapter B-3, Flood Insurance Requirements, and Chapter B-6, Lender-Placed insurance for additional servicer requirements.

B7-3-01, General Property Insurance Requirements for All Property Types (12/14/2022)

Introduction

This topic contains information on property insurance requirements for insurers, including:

Overview

The borrower has the right to select the insurer of their choice to provide property insurance for the subject property, provided that the insurance meets Fannie Mae's requirements. The lender or servicer must ensure that the insurer, policy, and coverage meet Fannie Mae's requirements. In some cases, Fannie Mae may require additional coverage that differs from these requirements.

> **Note:** References to "lender or servicer" include the lender or seller at origination and the servicer for the duration of loan servicing.

Property Insurer Rating Requirements

The property insurance policy for the property securing any first mortgage, including master policies for project developments, must be written by an insurer that meets one of the rating requirements in the following table.

Rating Agency	Rating Category
AM Best Company	“B” or better Financial Strength Rating
Demotech, Inc.	“A” or better Insurance Financial Stability Rating
Kroll Bond Rating Agency	“BBB” or better Insurance Financial Strength Rating (IFSR)
S&P Global	“BBB” or better Insurer Financial Strength Rating

> **Note:** An insurer is only required to meet the rating category requirement for one of the rating agencies, even if they are rated by multiple rating agencies.

Exceptions to Insurer Rating Requirements

The following are exceptions to Fannie Mae’s insurer rating requirements:

- **Second Mortgages** — The property insurance policy for a property that secures a second mortgage does not have to be written by an insurer that meets Fannie Mae’s rating requirements, unless

Fannie Mae also has an interest in the first mortgage.

- **Mortgage Impairment (or Mortgagee Interest) Insurance** — If the lender or servicer, as applicable, is covered by a mortgage impairment (or mortgagee interest) insurance policy, and the issuer meets either the AM Best Financial Strength Rating or S&P Global Insurer Financial Strength Rating, as listed in *Property Insurer Rating Requirements*, Fannie Mae does not require confirmation that the borrower's property insurance coverage is with an insurer that meets Fannie Mae's rating requirements. However, in such instances, the lender should advise the borrower of Fannie Mae's requirements when it originates the loan.
- **Reinsurance Arrangements** — Policies written by an insurer that do not meet Fannie Mae's rating requirements are acceptable provided all conditions outlined in the following table are met.

✓	**Conditions for Acceptable Reinsurance Arrangements**
	The insurer is covered by reinsurance with a company that meets the AM Best Financial Strength Ratings or S&P Global Insurer Financial Strength Rating, as listed in *Property Insurer Rating Requirements.*
	The primary insurer and the reinsuring company are authorized (or licensed, if required) to transact business within the state where the property is located.
	The reinsurance agreement has a "cut-through" endorsement that provides for the reinsurer to become immediately liable for 100% of any loss payable by the primary insurer in the event the primary insurer becomes insolvent.
	Both the primary insurer and the reinsuring company execute an *Assumption of Liability Endorsement (Form 858)*, or any equivalent endorsement that provides for 100% reinsurance of the primary insurer's policy and a 90-day written notice to Fannie Mae of the termination of the reinsurance arrangement. **Note:** Form 858 (or the equivalent endorsement) must be attached to each insurance policy covered by the reinsurance agreement, unless the lender or servicer, as applicable, is covered by a mortgage impairment (or mortgagee interest) insurance policy.
	The reinsurance agreement does not allow contributions or assessments to be made against Fannie Mae or to become a lien on the property that is superior to Fannie Mae's lien.
	The insurance written under the policy cannot exceed any dollar limitation amount specified in the reinsurance endorsement.

Other Exceptions to Property Insurance Requirements

Fannie Mae also accepts the following types of property insurance policies if they are the only coverage that can be obtained at the time of the loan closing or policy renewal:

- policies obtained through state or territory insurance plans, including a state’s Fair Access to Insurance Requirements (FAIR) plan, or
- other state-mandated windstorm and beach erosion insurance pools.

Recent Related Announcements

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

Announcements	Issue Date
Announcement SEL-2022-10	December 14, 2022
Announcement SEL-2021-11	December 15, 2021

B7-3-02, Property Insurance Requirements for One-to Four-Unit Properties (08/05/2026)

Introduction
This topic contains information on property insurance requirements for one- to four-unit properties, including:

- Required Perils
- Coverage Sufficiency
- Maximum Deductible
- Additional Requirements

Required Perils

Property insurance policies for one- to four-unit properties securing loans purchased by Fannie Mae should be written on a "Special" coverage form or equivalent. At a minimum, the coverage must include the perils listed in the following table.

✓	Required Perils
	Fire or lightning