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

✓	Required Perils
	Explosion
	Windstorm (including named storms designated by the U.S. National Weather Service or the National Oceanic and Atmospheric Administration by a name or number)
	Hail
	Smoke
	Aircraft
	Vehicles
	Riot or civil commotion

If a property insurance policy excludes or limits coverage of any of the required perils, the borrower must obtain an acceptable policy (e.g., stand-alone policy) that provides adequate coverage for the limited or excluded peril (see B7-3-05, Additional Insurance Requirements, for additional information).

Coverage Sufficiency

Coverage sufficiency for a property insurance policy for a one- to four-unit property is determined based on confirming the policy's loss settlement terms.

The property insurance policy must provide coverage on a replacement cost basis, with the exception of roofs; property insurance policies that provide such terms of coverage will be deemed to provide sufficient coverage.

Roofs must be insured, but do not have to be insured on a replacement cost basis.

> **Note:** Fannie Mae recognizes that some insurers may issue policies that provide coverage on an actual cash value basis for personal property and structures that are not buildings. In the event the lender or servicer sees such terms in a property insurance policy, this is acceptable.

See *Servicing Guide* B-2-01, Property Insurance Applicable to All Property Types, and B-2-02, Property Insurance Requirements for One- to Four-Unit Properties, for additional servicer responsibilities related to property insurance for second mortgages and minimum monitoring requirements.

Maximum Deductible

The maximum allowable deductible for all required property insurance perils for one-to four-unit properties is

5% of the property insurance coverage amount.

If the property insurance policy includes separate deductibles for different required perils, such as windstorm or wildfire, each individual deductible must not exceed 5% of the property insurance coverage amount.

Additional Requirements

Additional requirements apply to properties with solar panels that are leased from or owned by a third party under a power purchase agreement or other similar arrangement. See B2-3-04, Special Property Eligibility Considerations for additional requirements.

See B7-3-08, Mortgagee Clause, Named Insured, and Notice of Cancellation Requirements for additional requirements applicable to a one- to four-unit property.

Recent Related Announcements

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

Announcements	Issue Date
Announcement SEL-2026-07	August 05, 2026
Announcement SEL-2024-01	February 07, 2024
Announcement SEL-2022-10	December 14, 2022
Announcement SEL-2021-11	December 15, 2021
Announcement SEL-2020-07	December 16, 2020

B7-3-03, Master Property Insurance Requirements for Project Developments (08/05/2026)

Introduction

This topic contains information on master property insurance requirements for project developments, including:

- Overview
- Determining if a Master Property Insurance Policy is Required