



HUD Health Care Insurance **Requirements** *Updated: 06/2024*

General Policy Requirements

- Policy term – 1 Year or added to existing policy
- Location Address
- Cancel terms: 30 Day Notice of Cancellation/10 Day Non-Payment to lender
- Carrier Rating: AM Best rating of A-VI or better
- Lender below must be listed as Mortgagee, Lenders Loss Payable & Additional Insured
- Acord 25 for General Liability and Acord 28 for Property acceptable until copy of full policy is available

Property

- All Risk / Special Form
- 100% of Replacement Cost per HUD TIV 92329 – Minimum of 90% of TIV
- Deductible:
 - \$25,000 per occurrence for a portfolio or single asset mortgage loan with a property having less than or equal to \$100 million in total replacement values
 - 1% or \$250,000 per occurrence for a portfolio or single asset mortgage loans with a property having greater than or equal to \$100 million in total replacement values
- Statement of values (if written on a blanket basis)

Business Income

- Actual loss sustained or 12 months' net revenue plus ongoing expenses and other ongoing obligations, including the full mortgage payment, MIP and reserve deposits.
- 180 Day period of indemnity
- Deductible: Maximum 2 weeks per occurrence

Ordinance and Law (Required for legally non-conforming properties)

- Coverage A at 100% of replacement cost
- Coverage B at 10% of replacement cost
- Coverage C at 10% of replacement cost

Boiler & Machinery/Equipment Breakdown

- Required if steam boiler or central HVAC is in use.
- 90% of replacement cost of building(s) that houses the equipment
- Deductible: Not greater than \$50,000 or 1% of building insurable value for any particular building up to a maximum amount of \$250K



Windstorm/Hail/Named Storm

- Required for all properties
- 100% of Replacement Cost per HUD TIV 92329 or ACV if it equals or exceeds the unpaid balance
- Deductible: 10% of building TIV value to a maximum of \$250K per occurrence
- Business Income: actual loss sustained or 12 months' net revenue plus ongoing expenses

Flood Insurance:

- Required for all properties in flood zones A or V
- 100% of replacement cost of improvements located in SFHA
- Deductible: 5% of replacement cost
- Business Income: actual loss sustained or 12 months' gross income/rents
- 180 Day period of indemnity

Regional Perils

- Regional Perils may be required at 100% of the Insurable Value if property is in an area prone to geological phenomena (e.g., sinkhole, mine subsidence, volcanic eruption, avalanche, etc.)
- Required at 100% RC with a \$25,000 Maximum Deductible per property.

Earthquake:

- Required for properties located in zones 3 and 4 with PML greater than 20%
- Coverage at 100% replacement cost
- Deductible: Maximum 10% of total insured value

General Liability:Healthcare & Assisted Living Facilities

- \$1,000,000 per occurrence/\$3,000,000 per location aggregate
- Deductible/SIR: \$25,000 or \$100,000 if portfolio TIV is equal or greater than \$100 million
- If policy covers 10 or more facilities, \$5,000,000 minimum Umbrella is required

Professional Liability: Healthcare (Section 242) & Assisted Living Facilities (232)

- \$1,000,000 per occurrence/\$3,000,000 per location aggregate
- Deductible: Maximum \$25,000
- SIR: Maximum \$25,000



Commercial Auto

- Required for all locations with owned autos
- If no owned autos, minimum requirement is hired/non-owned coverage on general liab. policy
- Required limit: \$1,000,000 per occurrence.

Workers' Compensation

- Where employees of the Borrower, Management Agent, where applicable and Operator, where applicable are required to be covered by workers' compensation laws of the state where the Property is located.
- Employer's Liability \$1,000,000 and Statutory Limits for compensation

Crime

- All properties required
- Coverage equal 2 months' Gross Potential Income
- If coverage is for more than one project the minimum is computed using the project with the highest gross potential income
- Deductible: Maximum \$25,000 per property

Directors and Officers Liability

- \$1,000,000 required for Cooperative Corporations Only with max \$100,000 deductible

Employer's Liability

- Required when Borrower/Management Agent/Operator are required to be covered by Workers Compensation laws of the state where the property is located. \$1,000,000

Lender Clause for Mortgagee, Loss Payee & Additional Insured

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