



## **HUD Multifamily Insurance Requirements**

*Updated: 06/13/2024*

### **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 B+ 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
- HUD requires the lesser of 80% of the IV (with a 3% annual inflationary increase), or the current Unpaid Principal Balance (UPB)
- Deductible: Not greater than \$50,000 or 1% of building insurable value for any particular building up to a maximum amount of \$250K
- Statement of values (if written on a blanket basis)

### **Business Income**

- Actual loss sustained or 12 months' effective gross income/rents

### **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 is in use.
- \$100,000 per accident, per location that houses the unit
- Deductible: Not greater than \$50,000 or 1% of building insurable value for any particular building up to a maximum amount of \$250K

### **Wind/Hail**

- Required on all loans.
- 100% of Replacement Cost per HUD TIV 92329 – Minimum 80% of TIV
- Deductible: The greater of (a) \$50,000 or (b) 5% of the RC per location; (up to a maximum of \$475,000).

### **Named Storm**

- Required for all locations in the state of Florida and coastal states.
- 100% of Replacement Cost per HUD TIV 92329 – Minimum 80% of TIV
- Deductible: The greater of (a) \$50,000 or (b) 5% of the RC per location; (up to a maximum of \$475,000).
- Business Income: actual loss sustained or 12 months' effective gross income/rents



## **Flood Insurance:**

- Required for all properties in flood zones A or V
- Coverage: Equal to the greater of:
  - Maximum limit available from NFIP
  - Amount equal to the RC of the bottom two stories above grade, as determined by the HUD 92329 or equivalent (Marshall Swift)

## **Earthquake:**

- Required for properties located in zones 3 and 4 with PML greater than 20%
- Coverage at 100% replacement cost
- Deductible: Not greater than \$50,000 or 1% of building insurable value for any particular building up to a maximum amount of \$250K

## **General Liability:** Multifamily Projects

- \$1,000,000 per occurrence/\$2,000,000 per location aggregate
- Deductible: \$100,000

## **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. Minimum limit: \$500,000

## **Workers' Compensation**

- Required only if borrowers have their own employees
- Required limit: Statutory Limits

## **Lender Clause for Mortgagee, Loss Payee & Additional Insured**

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