



## **Freddie Mac Multifamily Insurance Requirements**

*Updated: 12/16/2025*

### **General Policy Requirements**

- Cancellation provision must afford the Lender (on property coverage) or Named Insured (on liability coverage) notification of cancellation at least 30 days prior to any policy reduction or cancellation; except for instances of non-payment where at least 10 days' notice is acceptable.
- Policy should be for a term of no less than one year; unless coverage is provided on an existing policy that has less than 12 months remaining in its current term.
- ACORD 28 forms for property and ACORD 25 for liability will be considered acceptable evidence of temporary insurance at closing and upon each subsequent renewal, with full policies due to lender within 90 days of renewal.
- Each insurance carrier providing property damage and/or liability insurance, whether admitted or non-admitted, must maintain a minimum AM Best Company rating of A- financial strength and a financial size category of VII or better.
- Property address must be clearly identified on all evidence; with mortgagor listed as a named insured on all policies.
- Premiums covering the first full year, or remainder of the policy term must be paid in full at closing. Premiums are required to be paid in full at each renewal, with copies of paid in full receipts provided to lender.
- If the property is on a blanket policy (multiple locations insured on one policy), the Statement of Values is required for further analysis. The Statement of Values should include city, state, zip, and TIV at a minimum.
- Lender is required to be listed as Mortgagee and Loss Payee on property coverage and Additional Insured – Mortgagee, Assignee, or Receiver on liability coverage.
  - Please confirm with the Insurance Associate for full Investor clause post-securitization.
  - Clause for new origination is as follows:  
Freddie Mac, ISAOA/ATIMA  
C/O Lument Real Estate Capital, LLC ISAOA/ATIMA  
700 N. Pearl St., Suite N1500  
Dallas, TX 75201

### **Property**

- Peril form must be written on a Special Form or All Risk policy (without exclusions for Wind/Hail and Named Storm) and is recommended to contain an Inflation Guard Endorsement.
- Limit of coverage must be at least 100% of the Insurable Value for properties with a single residential building. For properties with multiple residential buildings, the limit of coverage must be 90% of the Insurable Value. *\*Insurable Value is determined by the most current Appraisal Insurable Value estimate and an industry standard 3% yearly property cost increase.*
- No coinsurance, or a coinsurance clause that is offset by an Agreed Amount provision.
- Property form must be Replacement Cost; Actual Cash Value is only acceptable for roofs.
- The maximum deductible must not exceed:
  - \$50,000 for properties with an Insurable Value less than \$10M; or
  - \$100,000 for properties with an Insurable Value equal to or greater than \$10M; or
  - \$250,000 per occurrence if property is on a true blanket policy.

### **Business Income**

- Coverage is required in an amount to Actual Loss Sustained for 12 months, Effective Gross Income from most recent annual reporting, or NOI plus continuing expenses, with a completed BI worksheet provided by the agent.



- The business income waiting period must not exceed 3 days (72 hours) or the maximum deductible listed above in the Property section.
- For loans with an Unpaid Principal Balance of \$35M or more, coverage must include 90-day extended period of indemnity.

## **Ordinance or Law**

- Coverage is required for any property that is non-conforming under current building, zoning or land use laws or ordinances:
  - Coverage A (Loss of Undamaged portion) written in an amount not less than 100% of the Insurable Value, less any damage threshold. If the damage threshold is not specified, 50% threshold is acceptable.
  - Coverage B (Demolition Cost) & Coverage C (Increased Cost of Construction) written in an amount not less than 10% of the Insurable Value each or 20% combined.
  - Coverage D (Increased Period of Restoration) required if the property has buildings 5 stories or more.

## **Equipment Breakdown/Boiler and Machinery**

- Coverage is required if building(s) have any centralized HVAC, boiler, water heater or other type of pressure-fired vessel is in operation is present and is regulated by the state or municipality where the property is located.
- Coverage must be equal to the Insurable Value of the building that houses the equipment, plus Insurable Value of unit, plus Business Income/rental value.
- If coverage is provided by a separate carrier, both the property and equipment breakdown policies must include a joint loss agreement.
- Deductibles may not exceed the maximum deductibles outlined in the above Property and Business Income sections.

## **Terrorism**

- Limit of coverage must be at least 100% of the Insurable Value for property.
- Coverage must include Business Income per the amounts outlined in the above Property section.
- Deductibles may not exceed the maximum deductibles outlined in the above Property and Business Income sections.

## **Flood**

- Coverage is required for any income-producing building that is part of the Property that is fully or partially located in a SFHA Zones prefixed with A or V, as defined by FEMA, or when located in a Coastal Barrier Resources System (CBRS) or Otherwise Protected Area (OPA).
- Coverage must meet the minimum mandatory purchase requirements identified in the Federal flood insurance statutes.
- Each income-generating building that is fully or partially located in the SFHA, requires flood insurance equal to at least the following:
  - The Insurable Value of the first two floors of the building above grade, plus
  - The Insurable Value of any floors below grade, plus
  - 12 months of business income/rental value associated with the building, and
  - The Insurable Value of borrower-owned contents or business personal property within the building.
- Private Flood deductible (Excess Flood) must not exceed:
  - First-layer building coverage:
    - \$50,000 per building for a property with 10 buildings or less located in SFHAs.
    - \$500,000 per occurrence for a property with more than 10 buildings located in SFHAs.
  - Business Income/Rental Value coverage:
    - 15 day waiting period when expressed as a time-based deductible.
    - \$100,000 per occurrence when expressed as a monetary deductible.

## **Earthquake**

- Coverage is required for Properties located in Seismic Zones 3 or 4 with any building that has a PML/SEL greater than 20% but less than or equal to 40%.



- Limit of coverage must be at least 100% of the Insurable Value of the building.
- The Earthquake maximum per-occurrence deductible must not exceed:
  - When expressed as a dollar amount, see the above Property section.
  - When expressed as a percentage, 7.5% of the subject property's TIV, with a stated minimum not to exceed \$100,000
  - If provided on a blanket, \$250,000 maximum (expressed as a dollar amount) or 7.5% of the subject property's TIV, with a stated minimum not to exceed \$250,000 (expressed as a percentage).
- Coverage must include Business Income per the amounts outlined in the above Property section.
- The maximum Earthquake deductibles for business income/rental value coverage is:
  - When expressed as number of days, the maximum is 15 days.
  - When expressed as a dollar amount, the maximum is \$100,000

### **Windstorm/Hail**

- The property must have separate windstorm insurance if the Special Causes of Loss Form excludes any type of wind related catastrophic event. Named Storm is required for all Properties that lie in Tier 1 Counties per the insurer listing.
- If Named Storm coverage does not include flooding due to storm surge, borrower must maintain flood insurance for any buildings located in FEMA 500-year flood zones equal to or exceeding the maximum coverage available through NFIP policies.
- Limit of coverage must be at least 100% of the Insurable Value for the property.
- The Wind/Hail maximum per-occurrence deductible must not exceed:
  - When expressed as a dollar amount, see the above Property section.
  - When expressed as a percentage, 5% of the subject property's TIV, with a stated minimum not to exceed \$100,000
  - If provided on a blanket, \$250,000 maximum (expressed as a dollar amount) or 5% of the subject property's TIV, with a stated minimum not to exceed \$250,000 (expressed as a percentage).
- The Named Storm maximum per-occurrence deductible must not exceed:
  - When expressed as a dollar amount, see the above Property section.
  - When expressed as a percentage, 7.5% of the subject property's TIV, with a stated minimum not to exceed \$100,000
  - If provided on a blanket, \$250,000 maximum (expressed as a dollar amount) or 7.5% of the subject property's TIV, with a stated minimum not to exceed \$250,000 (expressed as a percentage).
- Coverage must include Business Income per the above amounts listed in the Business Income section.
- The maximum Wind/Hail and Named Storm deductibles for business income/rental value coverage is:
  - When expressed as number of days, the maximum is 15 days.
  - When expressed as a dollar amount, the maximum is \$100,000.

### **Localized Perils**

- Coverage is required if a property is located in areas prone to localized perils such as sinkhole, mine subsidence, volcanic eruption, and avalanche (states with known sinkhole/mine subsidence risk and insurance programs include IL, KS, WY, PA, CO, IN, KY, and WV).

### **General Liability and Excess/Umbrella Liability**

- All liability policies must provide coverage outlined below without sub-limits or exclusions for bodily injury, property damage and personal injury. This includes, but is not limited to, exclusions for Assault & Battery, Abuse & Molestation, Animal Attacks, and Firearms.
- General Liability coverage written in amount no less than \$1M per occurrence/\$2M annual aggregate.
- General Liability coverage must be per location if multiple locations on the policy (or per policy if single location policy).
- Coverage must be written on a per occurrence basis.
- Terrorism is required.
- Follow Form endorsement for General Liability Policy required on the Excess/Umbrella Liability coverage.



- The maximum deductible must not exceed:
  - \$50,000 for policies insuring a single property
  - \$250,000 for blanket policies covering multiple properties
- Excess/Umbrella Liability coverage is Required for all Properties based on the total number of units insured on the policy as follows:

Aggregate number of residential units covered	Minimum umbrella or excess liability limits
Up to 250	\$1M
251 to 500	\$2M
501 to 1,000	\$3M
1,001 to 2,000	\$5M
2,001 to 5,000	\$10M
5,001 to 10,000	\$15M
More than 10,000	\$20M

#### **Professional Liability and Excess/Umbrella Professional Liability**

- Coverage is required for properties with any level of health care that is provided at a Senior Housing Property, covering errors and omissions, medical malpractice, and all types of abuse.
- Professional Liability coverage written in amount no less than \$1M per occurrence/\$2M annual aggregate.
- Professional Liability per location if multiple locations on the policy (or per policy if single location policy).
- Excess/Umbrella Professional Liability Coverage in an amount based on the total number of licensed beds insured on the policy as follows:

Total number of licensed beds covered by the policy	Minimum umbrella or excess coverage
Less than or equal to 100	\$2M
101 to 500	\$5M
501 to 1,000	\$10M
Greater than 1,000	\$20M

- The maximum deductible must not exceed the above General Liability and Excess/Umbrella Liability section.

#### **Fidelity Bond/Crime**

- Coverage is required when the property is a Cooperative Corporation in an amount of three months of scheduled Cooperative Maintenance Fees with a maximum deductible is \$25,000.

#### **Directors and Officers Liability**

- Coverage is required when the property is a Cooperative Corporation in an amount not less than \$1M per claim or per occurrence, with a maximum deductible is \$50,000.

\*The requirements referenced above are a summary and should not be interpreted as an exhaustive list of Freddie Mac requirements. Please reach out to your insurance contact at Lument for additional details regarding any of the Freddie Mac requirements.