

## Homeowner's Insurance Requirements



In general, a Homeowner's Insurance policy must cover the loan amount or state that it contains 100% full replacement cost coverage with no cap on the limit. When the coverage amount is less than the loan amount and the policy doesn't state 100% full replacement cost, the Insurance Agent must provide a cost estimator.

Please note, each agency has specific guidelines when it comes to deductibles and there are some investors with overlays to agency requirements. The information below explains the deductible requirements for each type of loan. Keep in mind, when doing a bond loan, the specific bond program may have different deductible requirements.

**Conventional**—The maximum allowable deductible is 5% of the face amount of the policy. When the policy provides a separate wind loss deductible, that deductible must be no greater than 5% of the face amount of the policy.

**FHA** doesn't have a maximum deductible requirement. We will follow state and investor requirements.

**USDA**—The deductible cannot exceed the greater of either \$1,000 or 1% of the policy coverage, or the minimum deductible offered by the borrower's chosen insurance carrier.

**VA** doesn't have a maximum deductible requirement. We will follow state and investor requirements.