



## Condo Insurance Checklist

<b>Master Policy: Please provide all items that have been checked</b>	
• HOA must be name insured	<input type="checkbox"/>
• Policy renewal date must be stated	<input type="checkbox"/>
• Total number of units covered must be stated on declaration page	<input type="checkbox"/>
• Cannot include any unaffiliated projects <ul style="list-style-type: none"> <li>○ FHLMC requires insurance to be on Special Form</li> <li>○ FNMA allows insurance to be written on Broad Form</li> </ul>	<input type="checkbox"/>
<b>Property:</b>	
• Policy to identify if Bare-Walls, Walls-In to Original Specs, or Wall-In including Betterments & Improvements	<input type="checkbox"/>
• Deductible must not exceed 5% of face amount	<input type="checkbox"/>
• Must have Guaranteed, Extended or 100% Replacement Cost <ul style="list-style-type: none"> <li>○ No part (including roof) can have Actual Cash Value</li> <li>○ Functional Replacement cost is not allowable</li> <li>○ Limited amounts on perils (or exclusions) also not allowed*</li> </ul> <p>*Earthquake is not considered a required peril so different coverages and even deductibles are allowed</p>	<input type="checkbox"/>
• If Coinsurance, must evidence 100% insurable replacement cost	<input type="checkbox"/>
<b>Boiler &amp; Machinery/Equipment Breakdown: (If the project has central heating or cooling INCLUDING common areas like clubhouse)</b>	
• Lesser of \$2 million or the insurable value of the building(s)	<input type="checkbox"/>
<b>Building Ordinance or Law Endorsement:</b>	
• Must provide for contingent liability from the operation of building laws, demolition costs, and increased costs of reconstruction	<input type="checkbox"/>
• Not required if it is not applicable or not obtainable in the insurance market available to the HOA (Must be certified by insurance agent via email or letter)	<input type="checkbox"/>



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<p><b>Inflation Guard Endorsement: When it can be obtained</b></p> <ul style="list-style-type: none"> <li>• FNMA requires unless:</li> <li>• <b>Master property insurance policy includes an Extended Replacement Cost (ERC) or Guaranteed Replacement Cost (GRC) endorsement (or equivalent coverage)</b> – Inclusion of one of these endorsements (or equivalent coverage) is acceptable as they provide a similar level of protection as inflation guard. No additional explanation from the insurance agent is required.</li> <li>• <b>Master property insurance policy does not include one of the options above:</b> <ul style="list-style-type: none"> <li>○ <b>Insurance agent/insurer confirms that inflation guard coverage is not obtainable from the current insurer</b> – Confirmation from the insurance agent/insurer that inflation guard coverage cannot be obtained from the current insurer sufficiently documents that the coverage is not obtainable in the insurance market available to the association.</li> </ul> </li> </ul> <p><b>or</b></p> <ul style="list-style-type: none"> <li>○ <b>Evidence of insurance or insurance agent/insurer confirms that they complete an annual review of the coverage amount and they increase the coverage amount to not less than 100% of the replacement cost value (RCV) each year</b> – This is acceptable in lieu of the policy having inflation guard coverage as it achieves the spirit of the policy intent.</li> </ul> <p><b>Note: Confirmation of an annual review of the coverage amount without confirmation that the coverage is increased to at least 100% of the RCV is not sufficient.</b></p> <ul style="list-style-type: none"> <li>• FHLMC only if policy allows</li> </ul>	<input type="checkbox"/>
<p><b>Wind - Must not be excluded from coverage, if separate coverage, see below for Per Occurrence Deductibles</b></p>	<input type="checkbox"/>
<p><b>Per Unit Deductibles – TOTAL cannot exceed 5%</b></p>	<input type="checkbox"/>
<p><b>Per Occurrence Deductibles – maximum 5% of the insurance coverage amount</b></p>	<input type="checkbox"/>
<p><b>Liability:</b></p>	
<ul style="list-style-type: none"> <li>• In all states except CA a minimum \$1,000,000 liability policy per single occurrence is required (CA requires \$2,000,000 for projects with 100 units or fewer and \$3,000,000 for projects with more than 100 units)</li> </ul>	<input type="checkbox"/>



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<ul style="list-style-type: none"> <li>• Terms of policy to include Severability of Interest/Separation of Insureds (If not included, Fannie Mae requires a specific endorsement to preclude the insurer’s denial of an owner’s claim because of negligent acts of the HOA or of other unit owners).</li> </ul>	<input type="checkbox"/>
<b>Fidelity Bond/Employee Dishonesty/Crime: (For projects with more than 20 units under full review only)</b>	
<ul style="list-style-type: none"> <li>• Minimum coverage of at least 3 months HOA dues</li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>• If the project has a property manager, a loss by the management company must be a covered loss under the HOA</li> </ul>	<input type="checkbox"/>
<b>Flood: (SFHA zones beginning with A or V. Community must participate in NFIP.)</b>	
<ul style="list-style-type: none"> <li>• Condo – Minimum coverage lesser of 80% replacement cost or \$250,000 per unit</li> </ul>	<input type="checkbox"/>
<b>HO6: (Borrower and Mortgagee Clause information required)</b>	
<ul style="list-style-type: none"> <li>• If interior improvements of unit are excluded under terms of the Master HOA policy, the borrower must obtain and HO-6 policy with coverage, as determined by the insurer, which is sufficient to repair the condo unit to its condition prior to a loss claim event.</li> </ul> <p>*Dwelling/Property coverage must be provided on a replacement cost basis.</p>	<input type="checkbox"/>
<b>Flood Gap: Supplement flood policy is required for the unit owner when the master flood policy does not meet the lesser of the following loan level requirements</b>	
<ul style="list-style-type: none"> <li>• 100% of the replacement cost, including contents</li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>• Maximum NFIP of \$250,000</li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>• The unpaid principal balance of the mortgage</li> </ul>	<input type="checkbox"/>