



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 502.02 Named Storm Insurance

### Requirements

You must ensure:

- the Property has separate named storm insurance if the:
  - Special Peril Coverage of Loss Form excludes any type of wind-related Catastrophic Event; and
  - Property is located in a Tier I named storm county, as defined by the insurer;
- the coverage equals at least 90% of the Total Insurable Value
  - on a standalone policy, and
  - of the largest individual property on a Blanket Policy;
- if the named storm policy does not cover costs due to flooding from storm surge, the Borrower maintains flood insurance for any buildings located in the 500-year flood zone equal to the maximum coverage available through NFIP policies or their equivalent;
- the valuation does not rely solely on Probable Maximum Loss (PML) calculations; and
- the deductible does not exceed the greatest of:
  - 7.5% of the Insurable Value;
  - the applicable maximum amount per [Part II, Chapter 5: Property and Liability Insurance, Section 501.02B: Deductibles](#); and
  - for business income insurance:
    - when expressed as a number of days, 15 days; or
    - when expressed as a dollar amount, \$100,000.

### Guidance

If named storm coverage is unavailable, Fannie Mae will consider approving 1 of the following options:

- a State insurance plan; or
- a State-managed insurance pool for



- windstorm, or
- beach erosion.



# Glossary

## B

**Blanket Policy** Insurance policy providing coverage for multiple properties and/or multiple perils.

### **Synonyms**

- Blanket

**Borrower** Person who is the obligor per the Note.

### **Synonyms**

- Borrowers
- Borrower's

## C

**Catastrophic Event** Natural or man-made hazard resulting in an event of substantial extent causing

- significant physical damage or destruction,
- loss of life, or
- drastic change to the natural environment, such as
  - earthquake,
  - flood,
  - terrorist attack, or
  - windstorm.

### **Synonyms**

- Catastrophic Events

## I

**Insurable Value** For any Property, the estimate of the maximum dollar amount needed to replace, repair, or reproduce the Property, but excluding any land value.

### **Synonyms**

- Insurable Values

## P



## Property

Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

### **Synonyms**

- Properties
- Property's

## T

## Total Insurable Value

For any Property, the sum of the full value of the insured's:

- covered Property;
- Property-related business income values; and
- any other covered Property interests.

### **Synonyms**

- Total Insurable Values