



# Seller Guide Update



SEL-2019-046: National Flood Insurance Updates

September 17, 2019

- ☒ Correspondent Lending
- ☒ Housing Finance Agency (HFA)

## Summary

Underwriting/Delivery	
<input checked="" type="checkbox"/>	Corr. Delegated
<input checked="" type="checkbox"/>	Corr. Non-Delegated
<input checked="" type="checkbox"/>	Corr. EZD
<input checked="" type="checkbox"/>	Corr. Mandatory
<input checked="" type="checkbox"/>	HFA Delegated
<input checked="" type="checkbox"/>	HFA Non-Delegated
Products	
<input checked="" type="checkbox"/>	Conv. (Freddie)
<input checked="" type="checkbox"/>	Conv. (Fannie)
<input checked="" type="checkbox"/>	Conv. (Portfolio)
<input checked="" type="checkbox"/>	FHA
<input checked="" type="checkbox"/>	VA
<input checked="" type="checkbox"/>	Rural Development

U.S. Bank Home Mortgage has updated the U.S. Bank Home Mortgage National Flood Insurance guidelines in the Correspondent Seller and HFA Division Lending Guides.

### Highlights of the changes include:

- **FHA and VA Detached Structures:** if the loan amount and the RCV are both greater than the flood dwelling coverage of \$250,000 a separate policy may be required for the detached structure.
- Flood insurance coverage must equal the lessor of the unpaid mortgage balance plus secondary liens submitted to U.S. Bank for purchase. The insurable value or maximum limit available under the NFIP.  
**Note:** A home (\$250,000 NFIP residential max) with a detached garage (\$500,000 NFIP non-residential max) has a maximum available limit of \$750,000.
- The maximum allowable deductible for a condominium association NFIP RCBAP flood insurance policy is \$25,000. For private flood insurance policies on a condo, the maximum allowable deductible is the greater of \$10,000 or 5% of the face value of the policy.
- U.S. Bank Home Mortgage will not purchase FHA loans with private flood insurance policies until HUD's guidance is revised to allow these private flood insurance policies. If a HOA policy is privately held the borrower on an FHA loan will need to obtain their own NFIP flood insurance policy.

Lenders are encouraged to review the guidelines for the appropriate changes.

## Questions



**Correspondent:** Please contact your Account Executive or the Client Support Area at 800.200.5881, option 1.

**HFA:** Please contact the Housing Finance Agency Hotline at 800.562.5165, option 1 for the HFA Customer Care Team.



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