



## **HOMEOWNERS INSURANCE REQUIREMENTS**

Flanagan State Bank requires the following for Homeowners Insurance Declarations/Binders

- Property address to match appraisal address exactly
- Deductible to be indicated on dec page – cannot exceed 5% of dwelling or \$5000, whichever is less
- Borrowers names to be spelled correctly
- Mortgage Clause to read exactly:

Flanagan State Bank  
ISAOA  
333 Chicago Road  
PO Box 302  
Paw Paw, IL 61353

- Dwelling coverage to be indicated. Must cover loan amount OR
  - USDA – requires total estimated cost new on cost approach section of appraisal
  - All other products – if loan amount is not covered, will accept appraised value minus site value on appraisal
- Effective date and expiration date to be on or before closing date
- Must have paid receipt or pay premium at closing for 1 year (purchase or refinance)
- Condo – must have HO-6 insurance to cover 20% of appraised value
- Condo insurance must show unit owner name and unit. Must have \$1,000,000 in building coverage and liability coverage

## **FLOOD INSURANCE REQUIREMENTS**

- Dwelling to cover loan amount. Unless loan amount is over \$250,000. \$250,000 is the max FEMA allows. RD requires total estimated cost new on cost approach section of appraisal.
- RD max deductible for a flood insurance policy should not exceed the greater of 1,000 or 1% of the face amount of the policy
- Flood zone to be indicated and must match flood zone on appraisal and flood cert.
- Unless a higher maximum amount is required by state law, the maximum allowable deductible is \$5000
- All the other homeowner's insurance requirements apply to flood insurance as well, see above.