



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 (please note, Freddie Mac loans do not limit the deductible to \$5000. It simply cannot exceed 5% of dwelling)
 - USDA deductible not to exceed the greater of either \$1000 or 1 percent of the policy coverage
- Borrowers names to be spelled correctly
- Mortgagee 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
 - All programs, including USDA – guaranteed full replacement coverage is acceptable in lieu of dwelling coverage covering loan amount. Coverage must clearly show this is FULL replacement coverage. If the coverage amount is limited in amount or has a cap, this may not be acceptable. Policy must provide verbiage on this for clarification of the amount of coverage.
 - USDA – if the appraisal has the Total Estimate of Cost new completed and it is less than the Total Loan Amount, then we can use this information to determine the minimum amount of Dwelling Coverage needed.
- Effective 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.
- 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.
- Condos in a Flood Zone will require proof of flood insurance for the HOA and depending on the coverage amounts, may require additional coverage from the borrower.