

Bulletin

NUMBER: M2025-5

TO: Freddie Mac Multifamily Sellers and Servicers
July 15, 2025



INSURANCE

In the July 15, 2025 Guide Bulletin, we are updating our insurance requirements in the Guide, including:

- Updating certain [general insurance](#) requirements
- Revising our [acceptable insurer](#) requirements
- Updating our [property damage \(All-Risk\)](#) insurance requirements
- Revising our [business income/rental value](#) insurance requirements
- Updating our [Wind/Hail and Named Storm](#) insurance requirements
- Updating our [flood insurance](#) requirements
- Revising our [State windpool](#) insurance requirements
- Updating our [Ordinance or Law](#) insurance requirements
- Clarifying [additional insurance](#) requirements

EFFECTIVE DATES

All revisions announced by this Bulletin are effective for all new loans under Seller Application on or after July 24, 2025, and for existing Mortgages, insurance policy renewals in servicing on or after September 15, 2025.

GUIDE UPDATES SPREADSHEET AND REDLINED GUIDE CHAPTER CHANGES

Visit <https://mf.freddiemac.com/lenders/guide/bulletins.html> for the following resources to this Bulletin:

- **Appendix A to July 15, 2025, Guide Updates Spreadsheet** – a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond
- **Appendix B to July 15, 2025, Redlined Guide Chapter Changes** – a PDF showing the redlined changes announced in this Bulletin to each revised Guide chapter, Glossary and Directory

CONCLUSION

More details on these changes are provided on the pages that follow. Guide text additions made in this Bulletin are color-coded in green on AllRegs®. If you have any questions about this Bulletin, please call your Freddie Mac representative.

Sincerely,

Ian Ouwerkerk
Senior Vice President
Multifamily Underwriting and Credit

Erlita Shively
Vice President
Multifamily Counterparty Risk Management



Insurance

General insurance requirements

Small Balance Loans

We are removing specific requirements that were applicable to Small Balance Loans in Section 31.1. The insurance requirements for SBL now align with other Mortgage products.

Policy terms

We are updating Section 31.2(b) to clarify that insurance policies should have a term of at least 12 months, but the collateral may be added mid-term to an existing 12-month policy.

Proof of payments

We are updating Section 31.2(g) to require that the premiums for all required insurance policies must either be paid in full annually, or payable in installments. The Seller/Servicer must maintain receipts confirming timely payment. Additionally, premium financing is allowed under certain conditions.

Acceptable Insurers

We are updating Section 31.4 to require each insurance carrier providing property damage and/or liability insurance have a minimum AM Best Financial Strength Rating of A- and a minimum A.M. Best Financial Size Category of VII. These rating requirements do not apply to policies issued through State-sponsored insurance programs or policies issued by insurers participating in National Flood Insurance Program (NFIP).

Property damage (All-Risk) insurance

We are updating our property limit and deductible requirements for property damage (All-Risk) insurance as follows:

- Requiring that property coverage must be written in an amount not less than 90 percent of the Insurable Value for Properties with multiple buildings and 100 percent of the Insurable Value for any Properties without multiple buildings
- Requiring that coverage provided by a blanket policy must be as good as, or better than, a single, stand-alone property policy. The Seller/Servicer must verify that the blanket limit covers the largest TIV covered and provide its blanket-policy analysis in the loan files.
- Updating our maximum per occurrence and expanded deductibles for property damage (All-Risk) insurance policies providing Specific Insurance Limits to be based off the Insurable Value of Property rather than the replacement cost value.
- Updating the maximum per occurrence deductible when All-Risk coverage is provided by a Blanket Insurance Limit to \$250,000

We are updating Sections 31.3, 31.5, 31.7, 31.8 and 31.10 through 31.14, 31.24 and 31.28 to reflect these changes.

Business income/rental value insurance

We are updating our business income/rental value insurance requirements in Section 31.6 as follows:

- Requiring the coverage be sufficient to cover one of the following:
 - Income based on Actual Loss Sustained for 12 months;
 - 12 months of Effective Gross Income (EGI) based on the most recent annual EGI reported; OR



- Annual NOI plus continuing expenses, with a completed business income worksheet provided by the Borrower's agent or broker
- Updating the maximum deductible for business income/rental value to:
 - The maximum deductible for the property insurance coverage; OR
 - A waiting period (also known as the deductible) of three days or 72 hours
- Requiring that, for a Mortgage Loan with a UPB of \$35 million or more, coverage include a 90-day extended period of indemnity option

Wind/Hail and Named Storm insurance

We are updating our windstorm insurance requirements as follows:

- Updating the Wind/Hail coverage limits per requirements in All-Risk in Section 31.5 and 31.6
- Updating the maximum Wind/Hail deductibles to 5 percent based on TIV for property coverage and a maximum number of days of 15 for business income/rental value coverage
- Requiring that, if Named Storm coverage does not include flooding due to storm surge, then the Borrower must maintain flood insurance for any buildings located in FEMA 500-year flood zones equal to or exceeding the maximum coverage available through NFIP policies or their equivalent
- Increasing the maximum Named Storm deductibles to 7.5 percent based on TIV for property coverage and a maximum number of days of 15 days for business income/rental value coverage

We are updating Sections 31.5(a), 31.5(b), 31.7, 31.8 (d), 31.10, 31.11, 31.13 and 31.14 to reflect these changes.

Flood insurance

We are updating our flood insurance requirements in Sections 31.2(c) and 31.8 as follows:

- Requiring flood insurance if any income-producing improvements or any non-income producing improvements that support amenities are located in SFHA Zone A or V or when located in a Coastal Barrier Resources System (CBRS) or Otherwise Protected Area (OPA)
- Only requiring National Flood Insurance Program coverage if the Borrower is pursuing a Letter Of Map Amendment (LOMA), Letter of Map Revision (LOMR) or Letter of Determination Review (LODR)
- Requiring that a [FEMA Standard Flood Hazard Determination Form \(SFHDF\)](#) be utilized to notify of any FEMA map changes for life of loan monitoring
- Removing the requirement that, if flood insurance is required, the Servicer collect Reserves for the National Flood Insurance Program (NFIP) if the Seller/Servicer collects Reserves for other insurance on the Property

State windpool insurance

We are updating our State windpool insurance requirements in Section 31.7(e) to:

- Require that when allowing any level of coinsurance, the State windpool coverage limit must equal 100 percent of the Total Insurable Value
- Remove the requirement that a guaranty must be signed for any losses incurred by Freddie Mac associated with the Borrower's failure to maintain the required Windstorm coverage



Ordinance or Law insurance

We are updating our requirements for Ordinance or Law insurance in Section 31.12 as follows:

- Requiring Ordinance or Law coverage for any Property that is non-conforming under current building, zoning or land use laws or ordinances
- Requiring Ordinance and Law Coverage “A” – Loss to the undamaged portion of the Property must be:
 - In an amount equal to 100 percent of the Insurable Value of the Property, less the damage threshold specified by the local building ordinance; OR
 - 50 percent of the Insurable Value, if the local ordinance does not specify a threshold
- Requiring that for buildings with five or more stories in height, Ordinance or Law coverage must include an Increased Period of Restoration endorsement

Clarifications and minor updates

We are clarifying our requirements for the following:

- **Localized Perils insurance:** Removing the requirement from Section 31.14 that Seller/Service providers inform Freddie Mac if Localized Perils insurance is unavailable
- **Sewer and drain insurance:** Removing the requirement from Section 31.15 for Borrowers to maintain sewer and drain insurance. Borrowers should maintain sewer and drain insurance as required by State and local municipality regulations.
- **Indemnification:** Removing Section 31.25 on indemnification as this provision is included in the Loan Agreement.