

# Flood Insurance Requirements

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Borrower Name(s): \_\_\_\_\_

Property Address: \_\_\_\_\_

Loan Number: \_\_\_\_\_

**Notice to Borrowers: TCF National Bank (TCF) requires you to obtain flood insurance in connection with this loan. You are free to choose the insurer and/or insurance agent, provided the insurer is authorized to transact business in your state and the insurance meets TCF's requirements outlined below.**

## General Requirement

Flood insurance coverage is required for all residential buildings on the property if any part of the structure is located within a special Flood Hazard Area (SFHA). All flood zones beginning with the letter "A" or "V" on the Standard Flood Hazard Determination (SFHD) are considered SFHAs. If two or more residential structures are located on a security property (for example, a principal structure and a guest house), all structures with any part in an SFHA must be covered by adequate flood insurance.

Each structure must have a separate flood insurance policy. For example, a separate policy is required for a detached garage with living facilities, a guest house, or any other structure intended for use or actually used as a residence.

## Non-Participating Communities

Flood insurance under the National Flood Insurance Program (NFIP) is not available if a community does not participate in the NFIP. TCF requires flood insurance in non-participating communities if the property has a residential building, dwelling, structure, or improvement situated in an SFHA. Flood insurance may be available from private insurance companies.

## Minimum Coverage

The minimum amount of flood insurance required for most mortgages secured by one- to four-unit properties, individual PUD units, and certain individual condo units (such as those in detached condos, townhouses, or row houses) is the lowest of:

- The replacement cost value of the structure;
- The maximum insurance available from the NFIP, which is currently \$250,000 per dwelling; or
- The unpaid principal balance of all loans secured by the property (including the new TCF loan).

The insurance agent must (i) determine the replacement cost value of the structure and the minimum amount of flood insurance required; and (ii) include the replacement cost value on the application for flood insurance or the flood insurance policy declaration page. If the application for flood insurance or the flood insurance policy declaration page do not state the replacement cost value:

- **Primary structure** – TCF will determine the replacement cost value and the minimum amount of insurance required;
- **Detached structure used or intended to be used as a residence** – TCF will rely upon the insurance agent to determine the replacement cost value and the minimum amount of insurance required.

For condominium units in which all or part of the building is in an SFHA, the association must maintain an NFIP Residential Condominium Building Association Policy (RCBAP) master policy on the building.

The minimum amount of flood insurance covering the condominium unit is the lesser of:

- The outstanding principal balance of the loan(s); or
- The maximum amount of insurance available under the NFIP, which is the lesser of:
  - The maximum limit available for the residential condominium unit (\$250,000); or
  - The "insurable value" allocated to the residential condominium unit, which is the replacement cost value of the condominium building divided by the number of units.

At closing, you must provide a Flood Policy Declaration page for the RCBAP master policy. A Flood Policy Declaration page may take several weeks to obtain. Do not delay contacting the condominium association for this information. Failure to provide the Flood Policy Declaration page will delay loan closing.

### **Deductible**

The maximum allowable deductible for a single-family dwelling is \$10,000.

The maximum allowable deductible for residential condominium buildings is \$25,000.

### **Insured Name and Property Address**

The policy must show name(s) of insured(s) identical to those shown on the loan documents, and a property address corresponding to that shown on TCF's records. A legal description must be shown for rural properties, condominiums, or other properties if the property address does not adequately define the location of the property. (Example: "Route 1, Box 5" is inadequate.)

### **Policy Forms**

Flood insurance policies should be in the form of the standard policy issued under the NFIP or by a private insurer. The terms and conditions of the flood insurance coverage must be at least equivalent to the terms and conditions of coverage provided under the standard policy of the NFIP for the appropriate property type.

### **Mortgagee Clause**

TCF must be named as a mortgagee on an individual flood insurance policy. The mortgagee clause must read:

TCF National Bank ISAOA/ATIMA  
1405 Xenium Lane N  
Plymouth, MN 55441

TCF does not need to be named as a mortgagee on an RCBAP condominium master policy.

### **Proof of Flood Insurance**

The NFIP does not recognize binders or certificates as acceptable proof of coverage. TCF will accept:

- **New policies** – The application to the Federal Emergency Management Agency (FEMA) or a private insurance company for flood insurance AND receipt that the premium was paid prior to loan closing (cannot be paid at loan closing.)
- **Existing policies** – The flood insurance policy declaration page.

All documents must be typed. No handwritten documents or hand-written corrections are acceptable.

On a purchase transaction, an existing flood insurance policy can be assigned to a new owner of the property. The insurance agent must provide an amendment to the existing flood insurance policy to:

- Change the name of the insured; and
- Add TCF as a mortgagee in the mortgagee clause.

## **Application for Flood Insurance and Declaration Page Requirements**

The application for flood insurance or the flood insurance policy declaration page must include all of the following:

- Insured name and property address;
- Insurance agent's name, address and contact information;
- Effective date of the policy (must be on or before the funding date);
- Premium amount;
- Coverage amount;
- Deductible amount;
- Program type: regular or emergency;
- Flood zone – must match the flood zone on the SFHD; and
- Mortgagee clause that includes TCF (not required for an RCBAP condominium master policy).

If there is an existing flood insurance policy, the mortgagee clause may not be on the flood insurance policy declaration page. TCF must receive a copy of the amendment to the flood insurance policy completed by the insurance agent to add TCF as the mortgagee. The amendment must be fully completed and must be signed and dated by the insurance agent.

In addition, an application for a new flood insurance policy must:

- Be signed and dated by the insurance agent;
- Contain all pages of the flood insurance application (they will normally have multiple parts);
- Request insurance for the current date or a date on or before the funding date. Dates in the past are not acceptable.

In addition, the declaration page for an RCBAP condominium master policy must include:

- The replacement cost value; and
- The number of units in the project.

## **Premium Receipt Requirements**

The receipt for payment of the flood insurance premium must be typed (handwritten receipts are not acceptable). The receipt must be from the insurance agent or PayGov and include:

- The policy number;
- The name and address of the insured;
- The amount paid; and
- The signature of the insurance agent and the date signed (not required for PayGov receipts).

## **Periodic Review**

TCF requires that you review your policy periodically with your insurance agent or company to ensure that your policy is sufficient to protect your interest in the property and that the amount of coverage keeps up with replacement cost values. If you fail to maintain adequate flood insurance for all residential structures on the property, TCF will obtain flood insurance at your expense. See the Agreement to Provide Insurance for more information.