



**MFM Bulletin: 027-2024**

**Date:** October 17, 2024

**Subject:** Hazard Insurance Updates

On March 12, 2024, MFM issued Bulletin 004-2024 regarding Fannie Mae and Freddie Mac hazard insurance updates. These updates included a requirement that the insurance company provide actual Replacement Cost Value (RCV) of the property.

Following that announcement, Fannie Mae and Freddie Mac heard concerns from industry partners about lenders and servicers' ability to comply with the policy to obtain replacement cost value. In light of the unique nature of these concerns, Fannie and Freddie decided to temporarily rescind the requirement for obtaining the actual property Replacement Cost Value.

**Therefore, MFM will no longer require the actual Replacement Cost Value (RCV) and we are amending our Hazard Insurance policy requirements as follows:**

- All hazard insurance policies must provide 100% replacement cost or guaranteed replacement cost coverage.
- The policy must state that all claims must be settled on a replacement costs basis. Insurance policies that provide for claims to be settled at actual cash value, depreciate, reduce, or otherwise settle losses for less than a replacement cost basis are not eligible.

**This policy is in effect immediately for all loan programs.** Please contact the MFM Underwriting Dept. ([underwriting@memberfirstmortgage.com](mailto:underwriting@memberfirstmortgage.com)) if you have any questions or concerns.

Thank you