



Helpful Tips for Lenders



What are MFA's maximum hazard and flood insurance deductibles?

MFA is committed to minimizing the financial burden of our borrowers while helping protect the long-term viability of their homes and subsequently, their home equity.

In the event of property damage caused by natural disasters or other events, homeowners should be prepared to pay insurance deductibles for pertinent insurance policies such as hazard insurance or flood insurance.

For many low- to moderate-income New Mexicans, high upfront costs can act as a barrier to homeownership. For this reason, many New Mexicans utilize MFA programs to access down payment and closing cost assistance.

The following deductibles meet investor minimum guidelines and are designed to minimize financial impact to the borrower, should disaster strike.

HAZARD INSURANCE:

Minimum coverage amount: Equal to the loan amount or replacement cost.

Maximum deductible amount: 1% or \$1,000, whichever is greater.

FLOOD INSURANCE:

Minimum coverage amount: Equal to the loan amount or replacement cost.

Maximum deductible amount: \$5,000

WIND/HURRICANE INSURANCE

Minimum coverage amount: Equal to the loan amount or replacement cost.

Maximum deductible amount: May not exceed the higher of \$2,000 or 2% of the face amount of the dwelling coverage.

Lenders should encourage their borrowers to shop for the most affordable policies available and to make regular contributions to their savings to help cover unexpected costs.

For complete information on these requirements and others like them, please refer to the compliance manual and pertinent lender memos.

Quick Facts

- In the event of property damage caused by natural disasters or other events, homeowners should be prepared to pay insurance deductibles.
- MFA maximum deductibles meet investor minimum guidelines and minimize financial impact to the borrower.
- Lenders must adhere to the maximum deductible amounts published by MFA.
- Lenders should encourage borrowers to shop for the most affordable coverage available.
- Homeowners who contribute to their savings on a regular basis will be better prepared to recover from disaster.

We appreciate and value you, our dedicated lending partners. Thank you for making sure your borrowers have access to MFA programs!

For Further Information Contact:
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