

Announcement # 26-76

Date: July 1, 2026

Fannie Mae LL 2026-03 and Freddie Mac Bulletin 2026-C: Property Insurance Updates for Units in a Project Development

Pennymac is aligning with updated GSE property insurance and deductible requirements for units in a project development. These changes are effective for new loan applications dated on or after July 1, 2026. Correspondent clients must implement and comply with these policy changes, including, but not limited to, the requirements outlined below.

Individual Property Insurance Requirements – HO-6

HO-6 policy requirements have been updated to establish when a unit owner's property insurance policy is required and coverage sufficiency requirements.

- A borrower must have a unit owners policy (HO-6) when:
 - Any portion of the interior of the unit or improvements to the unit are not covered by the master property insurance policy; **or**
 - When the master property insurance policy includes a per unit deductible.
- The minimum amount of coverage required for an HO-6 policy must be at least equal to the greater of:
 - The amount sufficient to cover any portion of the interior of the unit or improvements not covered by the master property policy in order to restore the unit to its condition prior to a loss event; **or**
 - The amount of the per unit deductible, if the master policy has a per unit deductible.

Note: The GSEs recommend that lenders encourage borrowers to closely collaborate with an insurance professional to determine their individual insurance needs.

Per-Unit Deductible Requirements

The previous 5% per-unit maximum deductible requirement has been retired, along with the limitation to use the HO-6 coverage 'cure' only when the per-unit deductible peril is specific to a geographic. The updated per-unit deductible requirements are as follows:

- The maximum allowable per-unit deductible for all required property insurance perils covered by a master property insurance policy is \$50,000 per unit.

Note: If the master property insurance policy has a per unit deductible specific to a required peril, the borrower must have a unit owners property insurance policy, in accordance with the requirements for Individual Property Insurance (HO-6) for a Unit in a Project Development.

These updates apply to Pennymac's Fannie Mae, Freddie Mac, AUS Jumbo, and Non-QM products.

Please contact your Sales Representative with any questions.