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Insurance Requirements and Condominium Project Reviews for the Key Loan

Truist is modernizing Key Loan insurance requirements and condominium project review standards to align more closely with the GSE framework.

Effective Date

Effective for existing and new locks on or after October 2, 2026.

Background Information

The differences between Key Loan standards and the Agency framework created process inefficiencies and missed lending opportunities. The updated framework establishes clearer, more consistent requirements while preserving Key Loan-specific controls for material project and insurance risks.

Bulletin Details

Insurance Requirements

The updated insurance framework modernizes insurance reviews for the Key Loan by aligning more closely with Fannie Mae standards, improving consistency and transparency, and, for condominiums, strengthens validation of project insurance adequacy while supporting broader condominium eligibility. While many insurance requirements already exist today, the framework formalizes coverage, deductible, replacement cost, flood insurance, liability insurance, and fidelity insurance requirements into a more robust and consistently applied standard.

General Updates: Refer to the updated materials for full / further information.

Topic	Update
Replacement cost validation	The standards identify acceptable methods to validate replacement cost adequacy, including insurer estimates, Guaranteed Replacement Cost, Extended Replacement Cost, insurance appraisals, and professional assessments.
Condominium roof coverage	Roofs must be insured but are not required to be insured on a replacement cost basis (must be actual cost value or better).
Deductibles	The standards add detailed requirements for per-occurrence, multiple-peril, and per-unit deductibles, including deductible buy-back policies.
HO-6 coverage	The standards provide clearer direction on when individual unit-owner coverage is required and how coverage sufficiency is determined.
Master policies	Reviews will address coverage limits, replacement cost, endorsements, deductibles, and policy structure.
Flood insurance	Guidance is expanded for detached structures, supplemental coverage, commercial-space considerations, and NFIP or private flood alternatives.
Condominium Flood Coverage	Standards address supplemental unit coverage, detached condos, commercial-space considerations, and underinsured projects.

Bulletin Details, continued

General Updates (continued): Refer to the updated materials for full / further information.

Topic	Update
Liability Insurance	Requirements retained and further defined within formal project insurance framework.
Fidelity Insurance	Expanded guidance regarding financial controls, management companies, and coverage calculations.
Detached structures	Flood coverage requirements are clarified for certain detached residential and non-residential structures that contribute materially to collateral value; required coverage may be reduced in many cases under the revised methodology.
1-unit properties	Coverage sufficiency remains unchanged. Full replacement cost coverage continues to be required.

Insurance Requirements That Remain Different from Agency

Programs: Refer to the updated materials for full / further information.

Topic	Agency Approach	Key Loan Description
Detached Non-Residential Structures in Flood Zones	Less prescriptive treatment of detached non-residential structures.	Requires flood insurance on certain detached non-residential structures that contribute materially to collateral value.
Condo Review Methodology	Requirements are tied to Agency review types and Agency eligibility methodologies.	Insurance requirements are tied to a condo review hierarchy, including waivers.
Localized Peril Escalation	Evaluated under Agency requirements without lender-specific review processes.	Directs review of unique hazards and may involve Condo Department evaluation for additional coverage needs.

Condominium Project Review

Condominium enhancements align the Key Loan lending framework more closely with Fannie Mae's modern project review methodology while preserving risk oversight. The changes introduce streamlined review paths for lower-risk projects, expand eligibility for certain condominium developments, and shift project evaluation toward structural integrity, deferred maintenance, financial stability, litigation exposure, and insurance adequacy. The result is a more market-aligned approach that increases financing opportunities while maintaining strong risk management controls.

Bulletin Details, continued

General Updates: Refer to the updated materials for full / further information.

Topic	General Update
Review framework	Reviews will more closely follow Fannie Mae project review concepts while continuing to evaluate Key Loan specific risks. Structural, litigation, insurance, and deferred maintenance reviews remain key safeguards.
Detached condominiums	A waiver of project review is available when the revised baseline eligibility requirements are met.
2-4 unit projects	Project review may be waived when the revised baseline eligibility requirements are met.
5-10 unit projects	A waiver may be available when the project is not part of a master association and other requirements are satisfied.
FHA-approved projects	FHA approval becomes a recognized approval path.
Commercial space	The allowable commercial-space limit increases to 35%.
Single-entity ownership	For projects with 21 or more units, the ownership limit increases to 20%, with waiver opportunities available under the revised standard.
Review Methods	PERS, CPM, Truist Approved List with additional options for Waiver of Review, FHA approval path, expanded hierarchy based on risk profile.

Remaining Expectations for Project Reviews (general information): Refer to the updated materials for full / further information. Review of the following remains with additional guidance for transparency of review:

- **Evaluation of Project Condition Risk** with Formal review of:
 - Critical repairs
 - Structural inspection reports
 - Reserve studies
 - Special assessments
 - Evacuation orders
 - Material building deficiencies
- **Financial Health Assessment** (HOA reserve adequacy, Delinquency levels, Special assessments, Long-term project financial sustainability, funding for future repairs and replacements)
- **Litigation Analysis** is required.
- **Ineligible Projects:** Projects remain ineligible if they have critical repairs, major deferred maintenance, structural deficiencies, unresolved safety concerns, active evacuation orders, material litigation, insolvency or project termination events and/or insufficient insurance coverage.

Revised Materials

To review the revised product materials, click [Condominium and PUD Approval Requirements Standard](#), [Key Loan Standard](#) and the [Hazard and Flood Insurance Standard](#).



Product Release

Information for Correspondent Lenders of Truist Bank
October 2, 2026 • COR26-057

Other Resources

Support Group	Description and Contact Information:
Correspondent Relationship Coordinator	Specific questions on applying this procedure to specific loan files. Contact your Correspondent Relationship Coordinator at 800.382.2111, option 1.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 3.

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