



# Help Protect Your Customer's New Home

## What to Know and Say About Flood Risk and Flood Insurance

*Buying a new home can be confusing, which is why potential buyers rely on you, their Realtor, to help them protect their financial investment. Flood risk and flood insurance are important topics that homebuyers should consider early in the home buying process. This flyer clarifies what you should know about flood risk and flood insurance, and how you can talk about it with your customers.*

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### Understanding Flood Risks

#### What you should know.

- Floods can happen anywhere, at any time.
- A floodplain, or Special Flood Hazard Area, is land at a high risk of a major flood.
- This area is also called a 100-year flood zone. The term can be misleading. It does not mean that a flood will occur only once every 100 years. Rather the area has a 1 percent or greater chance of a major flood occurring in any given year.
- A property in a Special Flood Hazard Area has a 26 percent chance of experiencing a flood during the lifetime of a 30-year mortgage.
- You can access flood maps in a number of ways:
  - Contact a community official
  - Visit [msc.fema.gov](http://msc.fema.gov)
  - Call 1-800-358-9616

### Flood Insurance Basics

#### What you should know.

- FEMA's National Flood Insurance Program enables homeowners, business owners and renters in participating communities to purchase federally backed flood insurance.
- Federally backed flood insurance is available to communities that adopt and enforce floodplain management standards to reduce flood damage.
- Flood insurance is sold and serviced by approximately 90 private insurance companies in more than 20,400 communities nationwide. No matter which company is used, the price for a given level of coverage remains the same.
- Your customer can purchase flood insurance for both the structure and its contents. Flood insurance covers residential buildings up to \$250,000 and non-residential up to \$500,000. Contents coverage can be purchased up to \$100,000 for residential buildings and \$500,000 for non-residential.
- The typical 30-day waiting period for flood insurance coverage to become effective is waived if the building is in a Special Flood Hazard Area and the mortgage is obtained from a federally regulated or insured lender.
- Flood insurance in excess of the \$250,000 federal limit may be available through other insurance companies.
- Residents in non-participating communities can purchase flood insurance from private insurers.

#### What you should say.

- > Anywhere it can rain, it can flood. It is important to understand a property's flood risk and your options to financially protect it.
  - > Homeowners insurance doesn't cover floods. Only a flood insurance policy will cover flood damage.
  - > Damage from flooding affects thousands of homes every year – and can be costly.
  - > Even if you aren't required to purchase flood insurance, your home could still be at risk for flooding.
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#### What you should say.

- > Talk to your insurance agent about your flood insurance options.
- > You can usually get flood insurance coverage from the insurance agent who sells your homeowners policy.
- > You can also visit [FloodSmart.gov](http://FloodSmart.gov) or call 1-800-427-2419 to find an agent and learn how to prepare for floods.

## For a Home in a High-Flood Risk Area

### What you should know.

- Whether or not your state requires disclosure, it's a good idea to notify a homebuyer if a property is located in a Special Flood Hazard Area.
- If your buyer obtains a mortgage from a federally regulated or insured lender, the lender will require flood insurance before a loan can be closed.
- The lender will notify the buyer prior to closing that the building is at high risk of flood and whether or not the building is located in a participating community where flood insurance is available.
- Coverage can be transferred from one homeowner to the next. In some cases, retaining the current flood insurance policy can mean lower premium rates.
- Flood map changes in your community may affect flood insurance purchase requirements, and could delay a loan closing. Keep current on local flood map changes by contacting your local government.

## Flood Protection Without a Requirement

### What you should know.

- Outside a Special Flood Hazard Area, your customers may not be required to purchase flood insurance, but they should still consider it.
- Approximately 25 percent of flood insurance claims come from low- to moderate-flood risk areas.
- It doesn't have to rain or storm to cause flooding. A flood is defined as an inundation of two or more properties (one of which is yours) or two or more acres of normally dry land. Floods can result from, but are not limited to, overflow of inland or tidal waters, runoff of surface waters, mudflow, or even backed-up storm drainage systems.
- If a property is located in a low- to moderate-flood risk area, your customers may be eligible for a low-cost Preferred Risk Policy.

## For More Information

### What you should know.

- Visit [www.Realtors.org](http://www.Realtors.org) for more information about flood-related issues that may affect your work. You can also download materials for your customers.
- Visit [FloodSmart.gov](http://FloodSmart.gov) to learn more about flood insurance, flood risk and tips for homeowners.
- For information about flood map changes, call your city government office or contact your National Flood Insurance Program State Coordinator. A list of state coordinators can be found at: [www.floods.org/StatePOCs/stcoor.asp](http://www.floods.org/StatePOCs/stcoor.asp).
- If you have questions about a local flood map or flood zone determinations, contact a mapping specialist at (877) 336-2627.
- The Mandatory Purchase of Flood Insurance Guidelines booklet, available at [www.fema.gov/library/viewRecord.do?id=2954](http://www.fema.gov/library/viewRecord.do?id=2954), provides more information about flood insurance requirements.

### What you should say.

- > If your lender is federally regulated or insured and determines that the home is in a Special Flood Hazard Area, you are required to purchase flood insurance before the loan closing.
- > You will be notified by your lender that the building is located in a Special Flood Hazard Area, and the amount of insurance required.
- > You should talk to your insurance agent about your options to protect the home against flood damage, even if flood insurance isn't required by your lender.

### What you should say.

- > Floodwaters don't stop at a line on a flood map. You may not be required to buy flood insurance, but you should consider financially protecting your new home.
- > Twenty-five percent of flood insurance claims come from low- to moderate-flood risk areas.
- > Flood insurance is more affordable than you may think. You may be eligible for a low-cost Preferred Risk Policy.

### What you should say.

- > There are easy steps you can take to reduce the risk of flooding to your home. Contact your local government for more information.
- > Visit [FloodSmart.gov](http://FloodSmart.gov) to learn more about flood risk, flood insurance, and the steps you can take to protect your home against flood damage.