

Flood Insurance

The Federal Emergency Management Agency (FEMA) has surveyed and developed flood plain maps for over 18,000 communities across the nation. A number of private flood hazard determination companies access these maps and, at the time of loan application, determine specifically if the property you are purchasing is in a flood zone. If the property is in a Special Flood Hazard Area zone it is considered most vulnerable to a flood. For those properties, flood insurance is required.

Standard homeowners insurance policies do not provide protection against flooding. All flood insurance in the United States is issued by the National Flood Insurance Program, a federal agency that was established in 1968. The flood insurance program is totally self-supporting and does not rely on tax revenues. Although any licensed agent can write a flood insurance policy, the rates, policy wording and rules are all established by the National Flood Insurance Program. Even when flood insurance is not required by the lender, some homeowners in lower risk areas obtain flood insurance to protect their property in the event of a flood.

If during the life of your loan, your property is in an area that has been re-mapped out of a flood zone, your lender will notify you that flood insurance is no longer required. Conversely, if your property is re-mapped into a flood zone, then flood insurance will be required.