. . . Or Could It?

Floods can happen anytime, anywhere. When a flood strikes, it causes anguish, destruction, and financial hardship–and the joy of home ownership turns to heartache.

There ought to be a law!

The Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994 help protect you from financial losses caused by flooding.

Backed by the U.S. Government, federal flood insurance is available in the more than 20,000 communities throughout America that participate in the National Flood Insurance Program (NFIP).

For more information about the NFIP and flood insurance, call 1-800-427-4661, or contact your insurance company or agent.

For an agent referral, call 1-888-435-6637
TDD 1-800-427-5593

http://www.fema.gov/business/nfip
http://www.floodsmart.gov

F-080 (6/07)

National Flood Insurance Program

Nothing Could Dampen the Joy of Home Ownership . . .

FEMA

Flood Insurance May Be Required by Law

You must have flood insurance to get federally secured financing to buy, construct, or improve a building in a high-risk area known as a Special Flood Hazard Area (SFHA), where more than 75 percent of all flood claims are paid. Lending institutions that are federally regulated or insured must determine if the building is in an SFHA. If it is, the lender must require flood insurance on:

- FHA loans
- VA loans
- second mortgages
- home equity loans
- home improvement loans
- construction loans
- commercial loans
- farm credit loans

Financial Protection and Peace of Mind

NFIP flood insurance protects your most important investment–your home or business and its contents. The insurance is considerably less expensive than federal disaster loans and it's 100 percent backed by the U.S. government.

Flood Insurance Helps Put You in Control

Flood insurance provides coverage that most homeowners policies don't—coverage for damage to buildings and contents from flooding, flood-related erosion, and flood-caused mudslides.

This coverage from the NFIP is an asset to you as a home or business owner. It reimburses you for covered financial losses from flood damage. For a modest annual premium, you can have peace of mind that you will be paid for your eligible losses.

The average annual premium for flood insurance is around $400 per year. Compare that to disaster loan payments that, with interest, could amount to over $300 per month!

All taxpayers benefit, too, when those in flood-prone areas buy flood insurance. As floods occur, the insurance mechanism pays for the covered losses, rather than U.S. Treasury funds for federal disaster assistance.

How Much Flood Insurance Should You Buy?

For federally secured financing in an SFHA, the law requires flood insurance in an amount equal to the outstanding principal balance of the loan, the value of the building, or the maximum coverage available, whichever is less. It also requires flood insurance to be maintained for the life of the loan.

While the law requires coverage only for the loan balance, you should consider protecting your equity. It's wise to insure primary residences, and businesses, in sufficient amounts to fully protect your building and its contents.

The NFIP provides up to $250,000 coverage for single-family residential buildings and up to $100,000 coverage for contents. Other residential and commercial property owners can also obtain flood insurance.