

## APPENDIX F

# Township of Ocean

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## **FLOOD HAZARD: CHECK BEFORE YOU BUY** (Questions to ask Real Estate Agents)

Flooding and other surface drainage problems can occur well away from a river, lake or ocean. If you're looking at a property, it's a good idea to check out the possible flood hazard before you buy. Here's why:

- The force of moving water or waves can destroy a building.
- Slow- moving floodwaters can knock people off their feet or float a car.
- Even standing water can float a building, collapse basement walls, or buckle a concrete floor.
- Water-soaked contents, such as carpeting, clothing, upholstered furniture, and mattresses, may have to be thrown away.
- Items like photographs and heirlooms may never be restored to their original condition.
- Floodwaters are not clean: floods carry mud, farm chemicals, road oil, and other noxious substances that cause health hazards.

- The impact of a flood – cleaning up, making repairs and the personal losses can cause great stress to you, your family and your finances.

**Floodplain Regulations:** Your community regulates construction and development in the floodplain to ensure that buildings will be protected from flood damage. Filling and similar projects are prohibited in certain areas. Houses substantially damaged by fire, flood or any other cause, must be elevated above the flood level.

**Check for the Flood Hazard:** Before you commit yourself to buying property, do the following:

- Ask the Real Estate agent if the property is in a floodplain. If it has ever been flooded, and if it is subject to any other hazard such as sewer backup or subsidence.
- Ask the local building, zoning or engineering department if the property is in a floodplain; if it has ever been flooded; what depth, velocity, and warning time are, if it is subject to any other hazards; and what building or zoning regulations are in effect.

**Flood Protection:** A building can be protected from most flood hazards, sometimes at a relatively low cost. New building and additions can be elevated above flood levels. Existing buildings can be protected from shallow floodwaters by regrading, berms or floodwalls. There are other retrofitting techniques that can protect a building from surface or subsurface water.

**Flood Insurance:** One of the best protection measures for a building with a flood problem is National Flood Insurance, which is purchased through any property insurance agency agent. If the building is located in a floodplain, flood insurance will be required by most mortgage lenders. Be sure to include the cost of a policy in your mortgage and financial planning.

NFIP: this community participates in the National Flood Insurance Program (NFIP). The NFIP makes federally backed flood insurance available for all buildings, whether they are in a floodplain or not. Flood insurance covers direct losses caused by surface flooding, including a river flowing over its banks, a lake or ocean storm and local drainage problems.

The NFIP insures building, including mobile homes, with two types of coverage: structural and contents. Structural coverage is for the walls, floors, insulation, furnace and other items permanently attached to the structure. Contents coverage may be purchased separately provided the contents are in an insurable building.

Mandatory Purchase Requirements: The mandatory purchase requirement applies to all forms of federal or federally relate financial assistance for building located in a Special Flood Hazard Area (SFHA). The requirement affects loans and grants for the purchase, construction, repair, or improvement of any publicly or privately owned building in the SFHA, including machinery, equipment, fixtures, and furnishings contained in such building.

Financial assistance programs affected include loans and grants from agencies such as the Department of Veterans Affairs, Farmers Home Administration, Federal Housing Administration, Small Business Administration, and Federal Emergency Management Agency. The requirement also applies to secure mortgage loans from financial institutions, such as commercial lenders, savings and loan associations, savings banks and credit unions that are regulated, supervised or insured by federal agencies such as the Federal Deposit Insurance corporation and the Office of Thrift Supervision. It also applies to all mortgage loans purchased by Fannie Mae or Freddie Mac in the secondary mortgage market.

How it works: Before a person can receive a loan or other financial assistance from one of the affected agencies or lenders, there must be a check to see if the building is in a Special Flood Hazard Area (SFHA). The SFHA is the base (100-year) floodplain mapped on a Flood Insurance Rate Map (FIRM). It is shown as one or more zones that begin with the letter A, AE or X.

Copies of the FIRM are available for review in most local government building or planning departments. Many lenders and insurance agents also have copies. It is the agencies or the lender's responsibility to check the FIRM to determine if the building is in a SFHA, although many communities provide assistance.

If the building is in a SFHA, the agency or lender is required by law to require the recipient to purchase a flood insurance policy on the building. The requirement is for structural coverage equal to the amount of the loan (or other financial assistance) or the maximum amount available, whichever is less. The maximum amount available for a single family house is \$250,000.

The mandatory purchase requirement does not affect loans or financial assistance for items that are not covered by a flood insurance policy, such as vehicles, business expense, landscaping, and vacant lots. It does not affect loans for buildings that not in the SFHA, even though apportion of the lot maybe flood prone. While not mandates by law, a lender may require a flood insurance policy as a condition of a loan for a property in any zone on a Flood Insurance Rate Map.