



# The Town of Fenwick Island

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## ***FLOOD INSURANCE***

**NFIP:** The Town of Fenwick Island 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 buildings, including mobile homes, with two types of coverage: structural and contents. Structural coverage is for the walls, floors, insulations, 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 Requirement:** The mandatory purchase requirement applies to all forms of federal or federally related financial assistance for buildings located in a “*Special Flood Hazard Area*” (SFHA). This requirements 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 buildings.

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, Department of Homeland Security and Federal Emergency Management Agency*. The requirements also applies to secured 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 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 letters “A” or “V”.

Copies of the FIRM are available for review in most local government buildings of planning departments. Many lenders and insurance agents also have copies. Copies of FIRM maps are also available on-line at [www.msc.fema.gov/](http://www.msc.fema.gov/). It is the agency’s or lender’s responsibility to check the FIRM to determine if the building is in an SFHA, although many communities provide assistance.

If the building is in a SFHA, federal law requires the agency or lender 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 expenses, landscaping and vacant lots. It does not affect loans for buildings that are not in the SFHA, even though a portion of the lot may be floodprone. While not mandated 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*” (FIRM).

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