RESIDENTIAL PROPERTY DISCLOSURE STATEMENT
FLOOD RISK INFORMATION FORM

Pursuant to Va. Code § 55.1-703(D): The purpose of this information form is to provide property owners and potential property owners with information regarding flood risk. This information form does not determine whether a property owner will be required to purchase a flood insurance policy. That determination is made by the lender providing a loan for the property at the lender's discretion.

Mortgage lenders are required under the Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994 to mandate the purchase of flood insurance for property owners who obtain loans from federally regulated, supervised, or insured financial institutions. This requirement applies to loans used for the acquisition or improvement of land, facilities, or structures located within or intended to be located within a Special Flood Hazard Area. **A Special Flood Hazard Area (SFHA) is a high-risk zone defined as any land that would be inundated by a flood, also known as the base flood, which has a one percent chance of occurring in any given year. These areas are considered to have a higher risk for flooding and often require flood insurance when financing property in or near these zones.**

The lender reviews the current National Flood Insurance Program (NFIP) maps for the community where the property is located to determine its position relative to the published Special Flood Hazard Area (SFHA). They then complete the Standard Flood Hazard Determination Form (SFHDF), created by the Federal Emergency Management Agency (FEMA). If the lender confirms that the structure is within an SFHA and the community participates in the NFIP, the borrower is notified that flood insurance is required as a condition for the loan. This process is repeated whenever a loan is sold on the secondary market or as part of routine portfolio reviews by the lender.

Properties that are not located in a SFHA can still flood. <u>Flood damage is not generally covered by a standard home insurance policy.</u> It is advisable to consider purchasing flood insurance even if it is not required by a lender. Properties outside of a Special Flood Hazard Area (SFHA) may still qualify for a low-cost preferred risk flood insurance policy. Property owners and prospective buyers should consult with their insurance agent to explore options for flood coverage.

What is a flood? A flood is defined as a general and temporary condition of partial or complete inundation of two or more acres of normally dry land or of two or more properties, at least one of which is the policyholder's property. This condition can occur from: (1) overflow of inland or tidal waters, (2) unusual and rapid accumulation or runoff of surface waters from any source, (3) mudflow, or (4) Collapse or subsidence of land along the shore of a lake or similar body of water due to erosion or undermining caused by waves or currents exceeding expected cyclical levels that result in a flood.

FEMA updates Flood Maps every five years. Flood zones may change due to updates. To determine a property's flood zone, a buyer can visit FEMA's National Flood Insurance Program website or the Virginia Department of Conservation and Recreation's Flood Risk Information System.