

# FLOOD INSURANCE FLOW CHART

Are you Making, Increasing, Renewing, or Extending a loan? (Use the acronym "M.I.R.E." to help you remember the four actions that could trigger coverage.)

NO →

Flood requirements do not apply.

YES



Is the loan secured by improved real property or an affixed mobile home (mobile home on a permanent foundation)? (Improved real property means property with one or more buildings. Building is defined as a walled and roofed structure, other than a gas or liquid storage tank, that is principally above ground and affixed to a permanent site, and a walled and roofed structure while in the course of construction, alteration, or repair.)

NO →

Flood requirements do not apply.

YES



1. Determine if:

- a. the property is in a flood hazard zone;
- b. the property is in a community that participates in the National Flood Insurance Program.

NO →

If you have properly and promptly completed the SFHDF, no further action is necessary.

2. Complete the Standard Flood Hazard Determination form.

Then determine:

Is the property in a flood hazard zone?

If the property IS in a flood zone, is it also in a participating community?

NO →

Mail or deliver a written notice of special flood hazards to the borrower within a reasonable time before the completion of the transaction and to the servicer (if any), as promptly as practicable after the bank provides notice to the borrower and in any event no later than the time the bank provides other similar notices to the servicer concerning hazard insurance and taxes, letting them know that the property is in a flood zone, but that insurance is not available through the NFIP.

**YES**



Is the original principal balance of the loan more than \$5,000 or does it have a repayment term of more than one year?

NO →

There is no requirement for the borrower to purchase flood insurance for a loan that has 1) an original principal balance of \$5,000 or less AND b) a repayment term of one year or less.

**YES**



If the loan doesn't qualify for the exception (either because its dollar amount is over \$5,000 or the term is greater than one year), and it is secured by improved real property or an affixed mobile home located in a flood hazard zone in a participating community, here are the requirements:

1. **Timing.** Provide the notice of special flood hazards to the borrower within a reasonable time before closing (10 days, if possible) and to the servicer (if any), under the timetable described above.
2. **Content.** The notice must inform the borrower that they must obtain flood insurance.
3. **Coverage.** The building or mobile home and any personal property securing the loan must be covered by flood insurance for the term of the loan.
4. **Deadline.** The insurance coverage should be in place prior to the closing of the loan.