



City of Nehalem
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Flood Insurance Purchase Requirement

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 buildings, 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 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 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 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, and FEMA. The requirement 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 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 an SFHA. The SFHA is the base (100-year) floodplain mapped of a Flood Insurance Rate Map (FIRM). It is shown as one or more zones that begin with the letter "A" or "V."

Copies of the FIRM are available for review on the City's website at www.ci.nehalem.or.us and at Nehalem City Hall, 35900 8th Street, Nehalem, Oregon, 97131, during normal business hours. Many lenders and insurance agents also have copies. It is the agency's or the 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 an 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 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 flood-prone. 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 FIRM.

Flood Hazard: Check Before You Buy

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. Filing 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 seller and the neighbors if the property is in a floodplain, how long they have lived there, if the property has ever been flooded, and if it is subject to any other hazards.
- Ask the local building, zoning or engineering department if the property is in a floodplain; if it has ever been flooded; what the flood 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 buildings and additions can be elevated above flood levels. Existing buildings can be protected from shallow floodwaters by regarding, 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 agent. The City of Nehalem has participated in the National Flood Insurance Program since 1981. If the building is located in a floodplain flood insurance will be required by most mortgage lenders (see other side). Be sure to include the cost of a policy in your mortgage and financial planning.

Rental Unit: If you intend to purchase a dwelling within the City's Flood Zone (100-year flood plain) and rent the property, you are required by ORS 90.228 to inform your tenant(s) that the dwelling is located within the City's flood plain. Failure to provide this notice could result in you having to compensate your tenant, in the event of an uninsured flood loss, for the lesser of the actual damages or two months' rent. Please review ORS 90.228 for more information.

If you have any questions, please call the City of Nehalem at (503) 368-5627. The City may be able to provide you with site-specific information such as base flood elevations, historic flood levels and elevation certificate information.