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Flood Insurance in the San Juans

Most of the waterfront home owners in the County went through the process of determining if flood insurance is a necessity for their property when they purchased or refinanced. As you may be aware, the majority of our waterfront properties are designated as being in the flood plain as determined by the current Federal Emergency Management Agency (FEMA) maps. **What you may not realize is that a high percentage of the homes and other structures, when further analysis is done, may not actually require flood insurance.**

When purchasing a waterfront property, whether you are using a lender or not, the first step in determining whether you need the insurance is to obtain the Flood Determination Certificate. The lender will process one as part of the loan package but if you are a cash buyer, you may utilize one of the numerous services on the web for a nominal fee of \$25.00. Other options include viewing the property with the flood plain map overlay on the County site. If the determination indicates the property is in a flood plain, you will want to hire a surveyor to confirm the Base Flood Elevation (BFE) for your property. The process typically takes 10 days after a site assessment is complete and the application has been submitted to FEMA. The insurance underwriters will require a BFE in order to issue coverage and if you are using a lender, they won't close until you have a policy in effect.

As a result of the passage of the Biggert-Waters Act in October 2013, flood insurance rates through the National Flood Insurance Program have been increasing. Further, FEMA is no longer subsidizing the rates due to large losses throughout the nation due to hurricanes and other similar events. **Due to increasing premiums, it will be more important than ever to determine whether your property should have flood insurance.**

The Base Flood Elevation (BFE) from the surveyor is also a key part of determining whether insurance is necessary. Once the BFE is obtained, the surveyor will then survey the property and determine the elevation of the lowest grade adjacent to the structure(s). This will confirm if the structures on the property should be insured or may be eligible to be removed from the flood zone. If the structures remain in the flood plain and you are using a lender, you must obtain flood insurance.

If you are a cash buyer, it is a personal decision. One might want to review the forecasted Tsunami path for the County to determine if your property could be flooded and verify with your insurance agent that your policy would cover such a disaster. Chances are flood insurance will not cover global warming and

sea level rise until, and if, they actually occur, and then the government would need to mandate the coverage.

As in the case of your standard Hazard Homeowners Insurance, only the structures are insured, not the dirt.

FEMA recently contracted with the Corps of Engineers (Corps) to complete the mapping and determine the Base Flood Elevations (BFE) for our County. FEMA then adopted those maps for regulating the insurance. The Base Flood Elevation for most of the County is 12 to 16 feet. Generally speaking if your property has a BFE of 13 feet or greater, you may be eligible to obtain a Letter of Map Amendment (LOMA) which allows you to waive your flood insurance. Below 13 feet, the LOMA may be more difficult.

Bottom line, if you have waterfront property, it is most likely designated as being in the flood zone by FEMA unless proven otherwise by a Professional Land Surveyor. The recent updates to the maps have further enhanced the consumer protection.

To view the REVISED flood maps and the BFE in your general neighborhood you can use the link below:

<http://waecy.maps.arcgis.com/home/webmap/viewer.html?webmap=09170ce552144f828a23c7c5ef765957&extent=-123.4059,48.4124,-122.5627,48.7214>

If the structures as surveyed are above the flood plain, then the improvements and a portion of the parcel may be eligible for a Letter of Map Amendment (LOMA). To obtain a LOMA, you should hire the surveyor again, as they process these on a regular basis and are familiar with the zillion forms required by FEMA. The surveyor will submit the application for a LOMA to FEMA and the process is 2+/- weeks. The total cost is approximately \$2,200-2,500.

I believe this to be money well spent as the \$2,500 represents about 50% of the annual flood insurance premiums on a typical San Juan County waterfront home. The time frames to complete a BFE and a LOMA are within the standard purchase contract term of 45 days; however it is recommended that a prospective seller process this information in advance of listing the property. If you are working under a tight time frame, another option for a buyer is to close on the purchase with your loan and flood insurance; then, obtain the LOMA after closing.

If you currently own waterfront property and are paying for flood insurance, it may be beneficial for you to move forward with the possible LOMA so that you can avoid paying premiums. It will also help expedite the sale of your property in the future as the LOMA runs with the land and can be used by a buyer.

Once you secure the LOMA, you will need to send that into your lender's loan servicing department which may take a few more weeks. They will issue you a Waiver of Flood Insurance Notice which is your invitation to cancel your flood insurance. The insurance firm should prorate back your premiums for any unused term.

This article is for informational purposes only. As each property has unique characteristics, property owners should check with their licensed flood insurance agent to determine their options and the best solution regarding their flood insurance.

We have numerous surveyors in the County that process the applications for Base Flood Elevations and Letter of Maps Amendments, I recommend the following:

Bob Wilson – San Juan Surveying 378-2300 www.sanjuansurveying.com

Andy Holman – Holman Land Surveying 378-0338 www.holmansurveying.com

Bob Anderson – Star Surveying 378-5072 www.starsurveying.com

If you have any questions about our current real estate market, please be sure to contact me.

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