

Biggert Waters Flood insurance reform act of 2012

How this effects realtors and their clients.

Rates for flood insurance are going up for almost everyone phased in over the next 5 years. The least affected are primary residence single family homeowners that had flood insurance in force before the Biggert Waters flood insurance reform act of 2012.

The new rules require elevation certificates for ALL homes regardless of the date built. Since most Palo Alto homes were built before 1998 this means any sale of these homes will require a certificate.

There are 3 ways to get an elevation certificate

1. Get an existing certificate from the seller. Sellers of homes built after the cities FIRM date should have one already. Very few sellers of pre FIRM date homes will.
 2. Some cities keep a copy on record, usually you can get a copy from the building department. San Jose has some, Palo Alto usually doesn't.
 3. Hire a licensed surveyor at a cost of \$500-\$2000 to do a new one. Make sure to schedule early.
- All secondary homes, commercial real estate, rental properties and homes with severe or repetitive claims started getting annual 25% rate increases at renewal effective 1-1-13.
 - Starting in late 2014 Grandfathered policies will get a 20% annual increase. Grandfathered policies currently get subsidized lower rates if the homeowner had a policy prior to FEMA remapping their area. I sold over a 100 of these policies just before the 1998 remapping of Palo Alto and Menlo Park.
 - Letting your current policy cancel and then rewriting it will cause you to pay the new higher rates immediately.
 - Selling or transferring title causes the new owner to pay the new rates and requires an elevation certificate.
 - Not getting an elevation certificate on time, causes the flood rate to go from \$1500 to \$6000 plus. A Florida couple bought a home and closed escrow thinking they were going to pay \$1500. The final rate ended up being \$12,000. They are suing. New disclosures are needed.

I hope this information is helpful for you, your clients and colleagues. We are always available to help with any questions and solutions. Please feel free to share this information and thank you for your referrals.



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