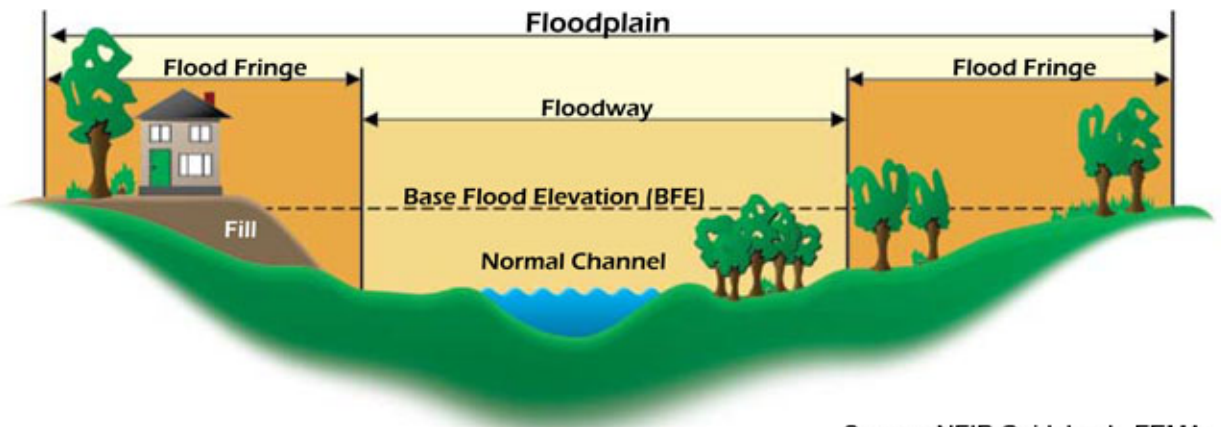


SHOULD I PURCHASE A MANUFACTURED HOME COMMUNITY THAT LIES WITHIN A 100 YEAR FLOOD ZONE?

Characteristics of a Floodplain



Source: NFIP Guidebook, FEMA

Some manufactured home communities are in choice areas. They have views, convenient road access, and are near places we enjoy. However, that's typically not the case. As land cost is a major factor for affordable housing, manufactured home communities (MHC's) are usually not located on the most expensive land. Furthermore, most cities discriminate against MHC's by limiting where they can be or excluding them altogether. Unfortunately, affordable land and areas reserved for MHC's too often lie at lower elevation spaces. The risk of flooding becomes a concern for all when properties are located within a 100-year flood zone.

Whenever considering the acquisition of an MHC, it's important a buyer know if the area lies wholly or partially within a 100-year flood zone, technically called a "special flood zone hazard area," hereinafter referred to as a "hazardous flood zone". A quick online search will show where most hazardous flood zones are. Your insurance agent should have access to more detailed maps which can help you define the extent of any flood hazard.

Once you know the MHC you are considering lies wholly or partially within a hazardous flood zone, the next concern will be exact elevations. Most manufactured homes sit approximately two and a half feet above the ground. Knowing if the floor of any home in the community will be sitting below the hazardous flood level is critical.



To determine elevations, you will need to have a survey taken of a few of the lowest homes in the park. An elevation survey provider can be found online by typing “Elevation Certificates near me” in your browser. This survey will provide you with an Elevation Certificate which will be needed, not only to determine if you will go forward with your purchase but will be a required document for the purchase of flood insurance. The cost varies from a few to several hundred dollars per certificate. The certificate will list three exact elevations relative to sea level. These include:

- (1) the elevation of the ground below the home,
- (2) the elevation of the bottom of the home, and
- (3) the elevation of the 100-year flood plain.

If (3) is lower than that of (2), your risk is notably less than it would be otherwise.

SECTION C - BUILDING ELEVATION INFORMATION (SURVEY REQUIRED)

C1. Building elevations are based on: Construction Drawings* Building Under Construction* Finished Construction
*A new Elevation Certificate will be required when construction of the building is complete.

C2. Elevations – Zones A1-A30, AE, AH, A (with BFE), VE, V1-V30, V (with BFE), AR, ARIA, ARIAE, ARIA1-A30, AR/AH, ARIA/O. Complete items C2.a-g below according to the building diagram specified in item A7.
 Benchmark Utilized NAVD 1988 Vertical Datum: NAVD 1988
 Conversion/Comments _____

a) Top of bottom floor (including basement, crawl space, or enclosure floor).	<u>627.0</u>	<input checked="" type="checkbox"/> feet
b) Top of the next higher floor	<u>N/A</u>	<input type="checkbox"/> feet
c) Bottom of the lowest horizontal structural member (V Zones only)	<u>N/A</u>	<input type="checkbox"/> feet
d) Attached garage (top of slab)	<u>622.5</u>	<input checked="" type="checkbox"/> feet
e) Lowest elevation of machinery or equipment servicing the building (Describe type of equipment in Comments)	<u>627.0</u>	<input checked="" type="checkbox"/> feet
f) Lowest adjacent (finished) grade (LAG)	<u>622.5</u>	<input checked="" type="checkbox"/> feet
g) Highest adjacent (finished) grade (HAG)	<u>626.0</u>	<input checked="" type="checkbox"/> feet

Elevation Certificate (partial)

In this example, the BFE is 626 feet.

The slab-on-grade house was elevated on fill 1' above the BFE, and the vented garage is 3.5' below the BFE.

You will get a blank Elevation Certificate form when you get your permit. You **must** have a surveyor or engineer fill it out and seal it. The Elevation Certificate includes diagrams for eight building types. Several points must be surveyed.

Community owners regularly purchase “Loss of Income” insurance. This protects the income should it cease due to a closure caused by a covered peril. Damage from high winds or fire are the two primary reasons MHC owners suffer insurance covered closures. Very few commercial insurance policies include flood coverage. This is when it is important to have an experienced MHC insurance counselor. You must purchase a policy which specifically includes this “loss of income” protection due to flooding.

An MHC located within a hazardous flood zone is worth less than a similar MHC outside of a hazardous flood zone because the cost of operations and insurance, and the risk to ownership are higher. Lenders will require flood coverage on the structures and the revenue. And beware as of all the Income Statements shown me by prospective MHC buyers, I’ve yet to see a seller’s financial statement that fully disclosed adequate flood insurance costs. Costs are also higher for resident home owning tenants. All homes with FDIC backed mortgages located within the hazardous flood zone must maintain flood insurance. The cost for this will be a minimum of \$300/year/home and as high as a few thousand per year per home. This raises the cost to live in the flood prone MHC and thus diminishes a tenant’s value proposition to live there.

There's a good acquisition price for most MHC's including those in hazardous flood zones. However, given the extra risk and expense of owning an MHC within a 100-year flood zone, the price paid for it should reflect the increased cost of operation and risk of loss.



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President of Mobile Insurance, an agency specializing in insurance for manufactured home communities and retailers. Named top commercial insurance agency by American Modern Insurance Group. Member of numerous insurance companies' policy development and advisory teams. One of largest manufactured home specialty agencies in the country. 2017- Present Founder and Publisher of the Manufactured Housing Review, an industry publication dedicated to Manufactured Home Industry professionals. www.manufacturedhousingreview.com

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