



## **Flood Insurance & Related Disclosures**

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As REALTORS®, it's crucial to understand your obligations with regards to flood disclosures because flooding is considered a material fact to real estate transactions. Failure to disclose flood damage can result in liability and it's important to inform your buyers about the need and availability of flood insurance.

In general, a broker/agent must disclose the following flooding facts when they have knowledge:

- A property is in an area where flood insurance is required;
- Flood insurance was required in the past;
- The property is located in an area that has flooded in the past; and
- The property is located in an area subject to flood risk that may cause many or most owners to purchase flood insurance.

Further, the REALTORS® Code of Ethics requires its members to disclose flood damage<sup>1</sup> (*Article 2, Standard of Practice 2-1*).

### **Best Practices:**

- 1) Ensure the owner fully completes the mandatory Seller's Real Property Disclosure Form (SRPD), which includes disclosure of flood-related items<sup>2</sup>.
- 2) Per NRS 645.252(1)(a), as the agent you must disclose "[a]ny material and relevant facts, data or information which the licensee knows, or which by the exercise of reasonable care and diligence should have known, relating to the property which is the subject of the transaction" and this would encompass disclosing flood-hazard related facts.
- 3) Do not conceal facts regarding past flooding or water damage. You have a duty to disclose irrespective of what your sellers asks. When in doubt, consult with your broker and an attorney.

### **Helpful Flood Insurance Information for Your Clients:**

- 1) Flooding can happen anywhere. Consider providing buyers with a list of resources about flood insurance, including the [floodsmart.gov](http://floodsmart.gov) website.
- 2) Advise buyers to talk to their insurance agent and mortgage lender to determine whether flood insurance is required on the property involved.

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<sup>1</sup> This duty does not obligate REALTORS® to disclose latent or hidden defects in a property.

<sup>2</sup> Excerpt from relevant portion of SRPD:

Property conditions, improvements and additional information... 2) Land / Foundation: (c) Any drainage, flooding, water seepage, or high water table? (d) The property being located in a designated flood plain?