



Flood Risk Case Study

Flood Risk Analysis Saves Well-Known REIT \$175,000!

The Challenge

A publicly-traded real estate investment trust with two large Southeastern United States shopping malls in its portfolio that standard flood zone determinations indicated to be within FEMA-designated Special Flood Hazard Areas (SFHA), which include flood zones beginning with letters A or V.

Number of SFHA Properties: 2
Cost of Annual Premiums: \$175,000

The Performance

Flood Zone Correction, Inc. (FZC) performed a thorough flood risk analysis and found that both properties were not at high risk of flooding during 100-year storms. Both properties had been wrongly included in the SFHA. FZC worked with FEMA to successfully remove both properties from the high-risk flood zone and to reclassify both properties into a low-risk flood zone, where they should have been in the first place. This successful reclassification increased property values by \$2,500,000 (based on the application of a 7% capitalization rate to the amount of annual savings) and eliminated \$175,000 in premium costs.

Properties Removed: 2
Premiums Eliminated: \$175,000

The Opportunity

Given the severe weather events during the past few years, our free, comprehensive, analysis will verify whether or not your flood zone designations are correct. If you have properties designated in high-risk flood zones, contact FZC today. We welcome the opportunity to evaluate the true flood risk of buildings in your portfolio. A few minutes of your time may reduce and save significant expenditures on flood coverage.

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