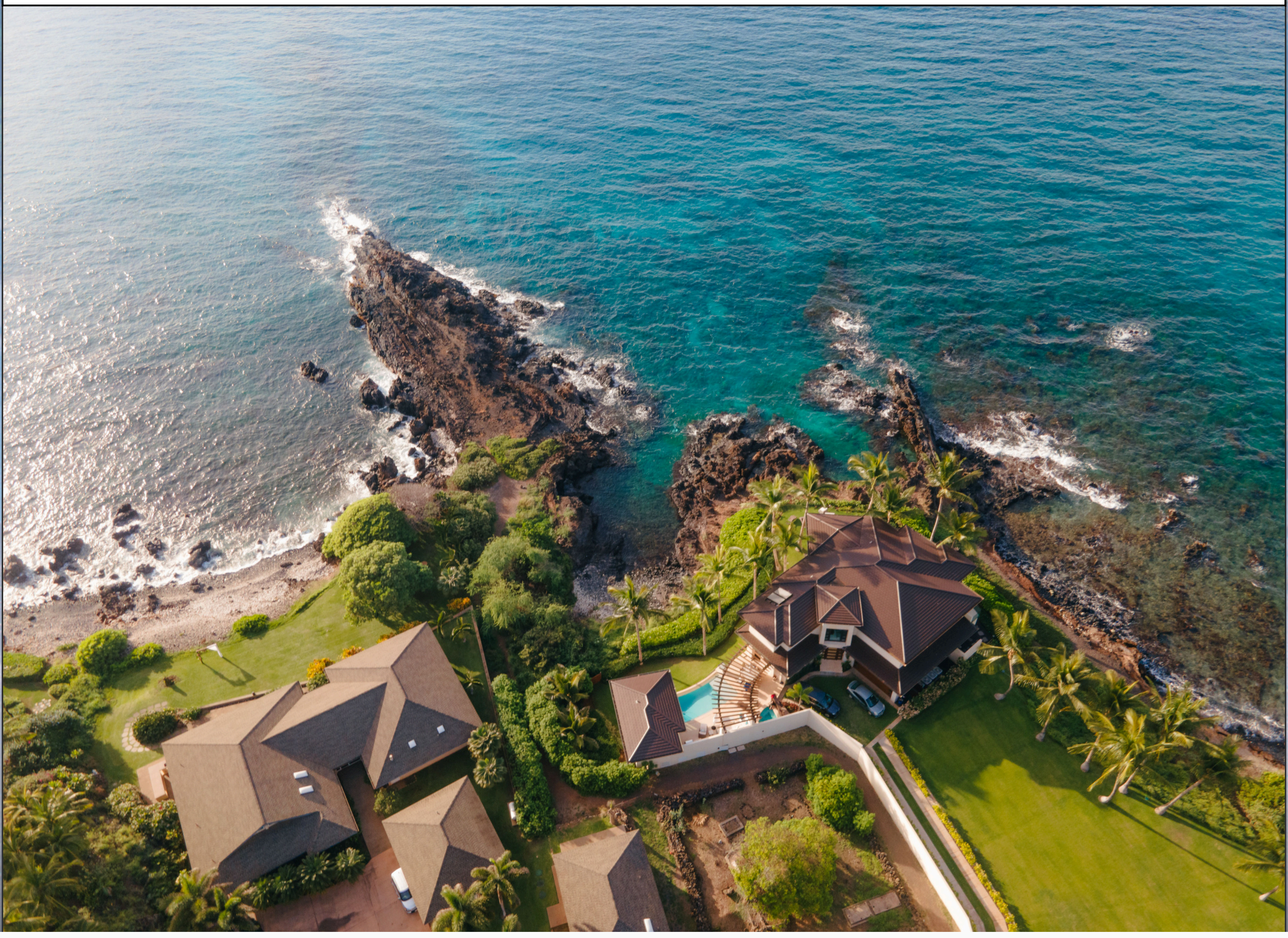
BIG ISLAND LAVA ZONES AND WHAT THEY MEAN FOR YOUR LOAN AND INSURANCE



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You found the property. Three acres, ocean view, and a price per acre that does not exist anywhere else in the state. Before you get attached, there is one number to pull.

Every parcel on Hawai'i Island sits in a USGS lava flow hazard zone numbered 1 through 9. That number is not a warning label, it is a financial input. It decides whether Fannie Mae can buy your loan, whether FHA is available, which carrier will insure you, and what your payment actually looks like. Unlike a flood zone, there is no elevation certificate that fixes it and no realistic chance of remapping.

1. WHY THIS CHECK BELONGS BEFORE YOUR OFFER

Hawai'i law does not hand you the lava zone automatically. Under HRS 508D-15, sellers must flag five designated areas: a FEMA special flood hazard area, an airport noise exposure area, a military Air Installation Compatible Use Zone, a tsunami inundation area, and the state sea level rise exposure area. Lava zones are not on that list.

The zone still gets disclosed as a material fact, but there is no map-and-TMK trigger forcing it in front of you early, and the disclosure statement can arrive up to ten days after the contract is accepted under HRS 508D-5. The failure mode is predictable: a buyer preapproved on the mainland writes on a Zone 2 parcel, then learns three weeks into escrow that the lender cannot deliver the loan and the only policy available caps below replacement cost.

2. WHERE TO LOOK UP A PARCEL'S LAVA ZONE

The map was first prepared in 1974 and published in its current form in 1992 as USGS Miscellaneous Field Studies Map 2193. For parcel-level work, use a GIS layer rather than the paper map. The Hawai'i Statewide GIS Program publishes the Volcano Lava Flow Hazard Zones layer for Hawai'i County at geoportal.hawaii.gov, and the County links a Hazard Impact Map and Volcano Hazard Map from its interactive maps page. Search by tax map key, not address.

One caution. USGS states the map was not intended to identify individual parcels, and that zone boundaries are approximate and gradational, with the change from one zone to the next occurring over a mile or more. If the parcel is near a boundary, your reading is not the one that counts. Get your lender's and carrier's determination in writing.

3. WHAT THE NUMBERS MEAN IN BIG ISLAND TERMS

Zone 1 covers the summits and rift zones of Kīlauea and Mauna Loa, with more than 25 percent of the area covered by lava since 1800. Leilani Estates sits entirely on the lower East Rift Zone, and in 2018 an eruption started inside the subdivision.

Zone 2 is adjacent to and downslope of active rift zones, 15 to 25 percent covered since 1800, and includes Hawaiian Ocean View Estates and Ranchos, Nanawale Estates, Kehena, Kalapana Seaview, Hawaiian Beaches, and parts of Hawaiian Paradise Park and Kapoho.

Zone 3 is 1 to 5 percent covered since 1800. Hilo is Zone 3, along with Kea'au and much of Hawaiian Paradise Park. This is why "it is in Puna" tells you nothing on its own.

Zone 4 is all of Hualālai, where eruptions are less frequent but flows cover large areas. Kailua-Kona is Zone 4.

Zones 5 through 8 step down from there, with no coverage since 1800 and only a few percent of Zone 8 covered in the past 10,000 years. Waimea and the Hāmākua Coast are Zone 8. Zone 9 is Kohala, no eruption in 60,000 years, including Hawi and Kapa'au.

One counterintuitive point: the zones reflect long-term hazard, not recency. Kalapana, inundated in 1990, is Zone 2, while Leilani Estates is Zone 1. For money purposes, the line that matters is between Zone 2 and Zone 3.

4. WHAT THE ZONE DOES TO YOUR LOAN

This is the sentence that decides most Big Island transactions. Fannie Mae will only purchase or securitize loans on properties in lava zones 3 through 9. Zones 1 and 2 are not eligible due to the increased risk of property destruction. Credit and down payment do not change it. FHA is closed too: under a HUD policy dating to 1971, FHA mortgage insurance is not available in lava flow zones 1 and 2.

VA is the exception. Hawai'i VA originators report the VA will lend in any lava zone but requires lava coverage at least equal to the loan amount in zones 1 and 2, which adds significantly to the payment.

What remains in Zones 1 and 2 is cash, seller financing, and portfolio lenders, who do exist. Some Big Island lenders actively write Zone 2 purchases and refinances, and note vacant land can be financed in all lava zones. Expect higher rates and larger down payments. Bottom line: a preapproval written on conforming assumptions is not a preapproval for a Zone 1 or 2 parcel.

5. WHAT IT DOES TO YOUR INSURANCE AND YOUR PAYMENT

In Zones 1 and 2, most private carriers decline. What remains is the Hawaii Property Insurance Association. HPIA was created by the 1991 Legislature for people unable to buy coverage privately because of the eruption in Lava Zones 1 and 2. It is not a state agency and receives no taxpayer funding. Policy limits run from $50,000 to $450,000.

That ceiling is what surprises buyers. Since lenders require replacement cost coverage, the cap can constrain what you can buy independent of the hazard. Buy at $600,000 in Zone 2 and coverage still stops at $450,000, while the lender requires 100 percent replacement value. Higher limits, up to $1,000,000, have been available in parts of West Hawai'i. Verify for your parcel.

On cost, Hawaii Life reports roughly $6,000 a year for a 1,200 square foot home in zone 1 or 2, versus about $1,400 in zone 3 or higher. Real numbers run higher. A Hawaiian Beaches homeowner testified in 2026 to paying $8,000 a year. HPIA has said it paid tens of millions in claims from the 2018 flow and raised rates for zones 1 and 2 only.

Budget for the gaps. The application requires a signed acknowledgment of hurricane, flood and earthquake coverage exclusion, so hurricane coverage is separate. HPIA itself calls its premium one of the highest in the state and advises shopping annually for broader coverage.

QUESTIONS TO ASK THE LENDER

- What lava zone does your file show for this TMK, and what source did you use?
- Is this loan agency-eligible, or does it have to go portfolio?
- If portfolio, what is the rate, minimum down payment, and reserve requirement?
- What coverage amount will you require, replacement cost or loan amount?
- Will the premium be escrowed into my monthly payment?
- Have you closed loans with an HPIA policy before?
- How does the required coverage change my debt-to-income ratio and qualifying amount?

QUESTIONS TO ASK ABOUT THE PROPERTY

- What is the exact lava zone by TMK, and is the parcel near a boundary?
- Who insures it now, and what is the current annual premium?
- Is it an HPIA policy, and what are the dwelling limit and deductible?
- What is the estimated replacement cost, and does it fit inside the available limit?
- Have two carrier declinations already been obtained?
- Any prior volcanic, fire, or ground-cracking claims?
- Is the dwelling over 30 years old, and is there catchment or a cesspool?
- Is all work permitted and finaled with the County?

IF THE ZONE OR THE PREMIUM COMES BACK WORSE THAN EXPECTED

Three situations, and most buyers never find out which one they are in.

If the parcel is genuinely Zone 1 or 2, the number is real. Conventional and FHA are off the table, the market is one carrier deep with a hard ceiling, and the premium is permanent. That is not automatically a reason to walk. People buy these zones with clear eyes for the acreage and the price. It is a reason to price it in and structure the financing correctly from the start.

If the parcel sits near a gradational boundary and sources disagree, resolve it before you write. Boundaries were drawn to be read across a mile, not a lot line.

And if the zone is fine but the quote is still high, the problem is something else: roof age, catchment, unpermitted work, or a replacement cost estimate nobody has updated. Different problem, different fix.

The zone takes ten minutes to check. The consequences last thirty years.

READY TO TALK IT THROUGH?

Scan the QR code to book a free, no-pressure call. Bring your timeline, your budget, and any TMK or address you are already watching, and we will tell you straight what the lava zone means for that property, whether it is financeable the way you are planning to finance it, and what the insurance is realistically going to cost. No pitch, no obligation. Just a clear read from people who pull lava zones and insurance quotes on Hawai'i Island parcels every week.

Because the buyers who get hurt here are not the ones who bought in Zone 2. They are the ones who found out they were in Zone 2 after the offer went in.

Scan to Book a Time Here