

Understanding Climate Risk and How It Affects You

What Is Climate Risk?

Weather events and natural disasters — such as hurricanes, wildfires and extreme heat — are becoming more intense. That increases the chance you will be in danger or your home will be damaged when these events happen. This is called *climate risk*.

Another way to think about your climate risk is how likely it is that extreme weather will cause significant damage where you live.

Every home and community may be exposed to climate risk.

The events that lead to climate risks are called *climate hazards*. Climate hazards are climate-related events or conditions that can injure people and damage property. In these materials, we'll be talking about the climate hazards of floods, strong winds, wildfires, and extreme heat and cold.

You Can Reduce Your Risk

The good news is that you can reduce the risk of these climate hazards to your home, and you'll learn how in these materials.



The Effects of Climate Hazards

Climate hazards can affect your home and your finances.

Effects of Common Types of Climate Hazards on Your Home



Floods

Floods cause major damage to homes, furniture and keepsakes. They also create conditions for mold, which may be hazardous.



Strong Winds

Strong winds — from hurricanes, tornadoes or other severe storms — can tear off roofs, break windows or even destroy buildings.



Wildfires

Wildfires are very hot. They can melt almost any building material and may even damage structures that don't catch fire. Wildfires can extensively damage or destroy homes.



Extreme Heat & Cold

Extreme heat and extreme cold can damage the foundation, roof, plumbing and exterior materials of your home.

Effects of Climate Hazards on Your Finances

In addition to the physical damage to your home and personal property, climate hazards can strain your finances. For example:

- **You may need to pay to repair the damage to your home and repair or replace your personal belongings.** Homeowners, renters or disaster insurance — such as flood insurance — can help.
- **You may not be able to earn an income.** Your place of work may be closed due to damage, unsafe working conditions or a power outage.
- **You may need to pay more for household essentials.** Climate hazards can cause shortages or increase demand, resulting in higher prices.
- **Your utility bills may increase.** You may be using your air conditioning or heating more.

If your home or place of employment is in a major disaster area where individual assistance has been authorized by a Major Disaster Declaration and your loan is [owned by Freddie Mac](#), your loan servicer may be able to extend a full range of mortgage relief options. Learn about [mortgage help after a disaster](#).