

Federal Emergency Management Agency

Washington, D.C. 20472

The National Flood Insurance Program (NFIP) and Your Property

Background information

Escalating costs to taxpayers for flood disaster relief led Congress to establish the NFIP in 1968. The NFIP is administered by the Federal Emergency Management Agency (FEMA) and is based on the agreement that if a community will implement safe floodplain management practices, the federal government will make flood insurance available. FEMA has undertaken flood hazard identification and mapping efforts to identify flood hazard areas, including the area that has a one percent chance of flooding in any given year. This area is referred to as the Special Flood Hazard Area (SFHA). Development may take place within the SFHA provided that it complies with local floodplain ordinances and federal requirements. Flood insurance is required for insurable structures within the SFHA as a condition of receipt of federal or federally related financing.

When is flood insurance required?

The National Flood Insurance Act of 1968, as amended by the Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994, mandates the purchase of flood insurance as a condition of any loan secured by improved real estate or manufactured housing in an SFHA, when the loan is provided by a federally regulated lending institution, federal agency lender, or Government-Sponsored Enterprises for Housing, (Freddie Mae/Fannie Mae). The purchase of flood insurance is also required as a condition of receipt of federal or federally related financial assistance resulting from a federally declared flooding disaster. The purchase of flood insurance on a voluntary basis is frequently prudent even outside of SFHAs. Flood insurance premiums for buildings located outside of the SFHA are generally lower than for those located within the SFHA.

Why am I required to purchase flood insurance now when I never have been before?

Floods over recent years have contributed to a heightened level of interest in flood insurance compliance on the part of federal regulators for lending institutions, particularly as the aftermath of many floods has revealed that a large percentage of flood disaster victims are unprotected by flood insurance. In addition, the National Flood Insurance Reform Act of 1994 instituted tighter measures to ensure lender compliance. Lenders are responsible for requiring and maintaining flood insurance for buildings or manufactured homes located in SFHAs during the term of the loan. Upon becoming aware of non-compliant mortgages, lenders are requiring borrowers to purchase flood insurance.

Borrowers who have reason to dispute the flood hazard determination presented by the lender may request jointly with the lender that FEMA review the determination. The procedure is described below.

How can I determine if a property is in an SFHA?

Flood insurance maps that identify SFHAs within a community are usually on file in a local repository in the community such as the town hall or the county building. You may consult these maps to determine if a property is in an SFHA. You may also order maps by contacting the FEMA Map Service Center at (800) 359-9616. Delivery is usually within two to four weeks.

What can I do if I believe the lender's flood hazard determination is incorrect?

If a lender determines that a mortgaged structure is located in an SFHA on the NFIP map, and the borrower disputes the lender's determination, FEMA will, at the joint request of the borrower and the lender, review the finding presented by the lender. The request, signed by the borrower and lender, must be postmarked no later than 45 days following the date the lender notified the borrower that the property is in an SFHA. A fee of \$80 must be submitted with the request. After reviewing all of the necessary information, FEMA will provide a Letter of Determination Review (LODR), which either overturns the lender's finding, upholds it, or leaves it unchanged because insufficient information was provided. Although a LODR may overturn the lender's finding, it is still the lender's prerogative to require flood insurance as a condition of receiving financial assistance. A LODR considers only the horizontal location of the structure relative to the SFHA shown on the NFIP map. It does not consider the elevation of the structure relative to the Base (one percent annual chance) Flood Elevation (BFE).

The attached "How to Request a Flood Hazard Determination Review from FEMA" form further explains the process and what documents must accompany the request.

What can I do if I believe my property is erroneously shown in a flood zone?

FEMA uses the best data available when preparing the NFIP maps; however, we recognize that more detailed data may become available or conditions may change. Therefore, we have established procedures for amending and revising the maps. A brief description of each procedure follows.

Letter of Map Amendment (LOMA)

Because of limitations of scale or topographic definition of the source map used to prepare a community's NFIP map, a property may be shown within the SFHA on the NFIP map, but be on ground that is actually above the SFHA. If no fill has been placed to elevate the property above the BFE, the property owner may submit certain property location and elevation information and request a map amendment under the provisions of Part 70 of the NFIP regulations. If the property has been inadvertently located in the SFHA, FEMA can amend the NFIP map by issuing a LOMA, which officially removes the structure from the SFHA. NFIP regulations require that the elevation of the lowest ground touching the structure be equal to or higher than the BFE for a LOMA to be issued. There is no fee for a single-lot LOMA request; however, it will be necessary to hire a qualified licensed surveyor to obtain the necessary property and/or structure elevation data. Although FEMA may issue a LOMA, it is still the lender's prerogative to require flood insurance as a condition of receiving financial assistance.

The attached MT-EZ form (FEMA Form 81-92) further explains the process and what documents must accompany the request. The MT- I form (FEMA Form 8147) is used for multiple lots.

Letter of Map Revision based on Fill (LOMR-F)

If a property has been elevated by the placement of fill, a property owner may submit data to support a revision to the SFHA boundaries under the provisions of part 65 of the NFIP regulations. Such a revision is called a LOMR-F. For a LOMR-F to be issued, NFIP regulations require that the lowest floor (including basement) mid the lowest ground touching the structure are at or above the BFE. There is a fee of \$400 for a single lot LOMR-F request. In addition, it will be necessary to hire a qualified licensed surveyor. Although FEMA may issue a LOMR-F, it is still the lender's prerogative to require flood insurance as a condition of receiving financial assistance.

The attached MT-EZ form (FEMA form 81-92) further explains the process and what documents must accompany the request. The MTV form (FEMA Form 81-87) is used for multiple lots.

Conditional LOMA or LOMR-F

Federal flood insurance requirements apply to structures, not to properties; however, if a structure is proposed, a property owner may submit data for a conditional LOMA or LOMR-F. The technical requirements are the same as for a LOMA or LOMR-F for an existing structure; however, the review is based on proposed conditions. FEMA charges a fee to defray the costs associated with the evaluation of proposed projects. The response to a request for a conditional LOMA or LOMRF merely comments on whether the proposed structure will be in or out of the SFHA if it is built according to the plans submitted. Upon completion of the structure, the property owner must still apply for a LOMA or LOMR-F to have the Federal flood insurance requirement removed. Although there is no requirement to obtain a conditional LOMA or LOMRF, it allows a property owner to know if the federal requirement for flood insurance will be waived if the project is completed as proposed.

The MT-1 form (FEMA form 81-87) further explains the process and what document must accompany the request.

How do I order the forms I need?

The above-mentioned forms may be ordered by calling the FEMA Map Service Center at (800) 358-9616. Additional MT-EZ forms can be received by facsimile by calling (202) 646-FEMA and ordering document number 20016.

Additional information about FEMA and the NFIP can be found through FEMA's home page on the Internet at: <http://www.fema.gov>