



**Help! My lender sent me a 45-day notice demanding that I purchase flood insurance. My building is not in the flood zone. What do I do?**

Federal law requires mortgage lenders to ensure that buildings that are located in areas of special flood hazard have flood insurance. Most lenders contract with a private flood zone determination provider who periodically reviews the lenders mortgage portfolio against information on FEMA Flood Insurance Rate Maps.

You received a letter from your lender demanding that you purchase flood insurance within 45-days because your lender received notice from their flood zone determination provider that your building is in a flood hazard area. Once a lender receives such a notice, it is required to send you a letter demanding that you purchase flood insurance or else the mortgage provider will force place insurance. Sometimes these flood zone determinations are incorrect. I hope this letter will explain your options for correcting erroneous flood zone determinations.

While there are methods to correct such errors, it is sometimes not possible to do so within 45 days. **Do not allow your mortgage lender to force-place flood insurance.** It is almost always more expensive than what you can purchase yourself within 45 days from the National Flood Insurance Program (NFIP). Since our city recently received new Flood Insurance Rate Maps, you may qualify for an inexpensive preferred risk flood insurance policy even with a positive flood zone determination. Many insurance agents who sell homeowners insurance also sell NFIP flood insurance. If yours does not sell flood insurance, contact **[www.FloodSmart.gov](http://www.FloodSmart.gov)** (or call 1-888-379-9531) to identify an agent in your area that does. Your insurance agent cannot change the lender's flood zone determination. He or she can help you get the least-cost policy for which you qualify while you work on correcting the error. If you are successful, NFIP may refund all or part of any premiums paid. Often, force-placed insurance premiums can't be refunded.

### **STEP 1: Gather information:**

Visit or call your local planning department. Ask the floodplain manager to look at the FEMA Flood Insurance Rate Map with you to verify the location of your buildings relative to FEMA's mapped flood hazard area. If your building is located inside FEMA's flood hazard area go to STEP 2; otherwise skip to STEP 3.

### **STEP 2: If your building is shown to be inside the flood hazard area, but you believe it is located on higher ground than the base flood elevation, you will need to obtain a Letter of Map Amendment to be removed from the flood zone.**

An Elevation Certificate is necessary to pursue this option. You may be able to obtain an existing Elevation Certificate from your city floodplain manager. In many cases, however, you will need to hire a surveyor to prepare a new one. If you need to find a surveyor, go to the Professional Land Surveyors of Oregon website and click on the Find a Surveyor Tab ([www.plso.org](http://www.plso.org)). Look through the listings and select one that lists FEMA, LOMA, or Elevation Certificates as an area of expertise.

If the Elevation Certificate shows that the lowest grade next to the building foundation is above the base flood elevation provided by FEMA, the surveyor can complete a Letter of Map Amendment application and send it to FEMA. Upon FEMA approval, the building (or all or part of your parcel) will be removed from the flood hazard area and your lender is no longer required to demand that you purchase flood insurance. Your lender still has the right to require flood insurance as a condition of making the mortgage. This insurance will likely be a less costly low-risk policy.

Now skip to Step 4.

### **STEP 3: If your building is shown to be outside the flood hazard area you have three options:**

1. Ask your lender to reevaluate the flood zone determination. You may be asked to provide your lender with evidence that your building is located outside the flood hazard zone.

Suitable evidence includes a map or plot of the building location relative to the flood hazard area provided by you, your city floodplain manager or a Google Earth screenshot that shows FEMA flood zones in relation to an aerial photograph of your building. You can load many (but not all) of FEMA's flood zone boundaries into Google Earth by visiting the FEMA Map Service Center

([www.msc.fema.gov](http://www.msc.fema.gov)) and clicking through to the “View the NFHL on Google Earth” links located on the right side of the web page.

2. Ask your lender to join you in obtaining a “Letter of Determination Review” or LODR from FEMA. The lender must agree to follow this process, and FEMA requires an \$80 fee to process the request. You will need to submit to FEMA the “Standard Flood Hazard Determination” form provided by the lender. Please see the attached instructions from FEMA’s website for further information.

Because of the fee required to process the request, borrowers should not consider this alternative unless they have already had the subject building plotted on the current Flood Insurance Rate Map (FIRM) and are certain it is wholly outside the SFHA. It is important to keep in mind that if any portion of a building falls within the SFHA, the flood insurance purchase requirement will apply.

3. A LODR is a onetime determination. If you refinance you may need to go through this process again.
4. Prepare a “Letter of Map Amendment – Out as Shown. This process requires no payment to FEMA and it makes a permanent notation to the Flood Insurance Rate Map that your building is located outside of FEMA’s flood hazard zone.

#### **STEP 4: Evaluate your residual flood risk.**

Pay a visit to your insurance agent after you receive a LOMA, LODR, or LOMA-OAS. You may qualify for a full or partial refund or a reduction in premiums.

While you are there, discuss with your agent whether it makes sense to protect your investment against the possibility of flooding. FEMA Flood Insurance Rate Maps reflect the 1% annual flood height and inundation area. More severe floods do occur. Indeed, your lender may still require you to have flood insurance to protect their investment. It is still worth the effort to obtain a LOMA, LODR or LOMA-OAS, as these often will result in lower insurance premiums and fewer development restrictions.

Please call Lois De Benedetti, Certified Floodplain Manager, for more information 541-878-8202.