

CORRECTING A FLOOD ZONE DETERMINATION

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SCENARIO

Your organization has a location that is in a “bad” flood zone, and the lender has required flood insurance be obtained for this location - which insurance will also have to be paid at a higher rate. But, you suspect that the flood zone determination for this location may be incorrect and would like to see what can be done to correct the error. Willis can help you navigate this process.

FLOOD ZONE BASICS

It helps to first learn a bit about flood zone determinations and what they mean. Every location is in a flood zone, but some zones are more prone to flooding than others. A bad flood zone translates to a high risk zone and is referred to as a Special Flood Hazard Area (SFHA) by FEMA (Federal Emergency Management Agency).

These zones are: Zones A, AE and A1-A30, AH, AO, AR, A99, D, V and VE. Generally, a bad flood zone is one where the risk is in a 100-year floodplain, also said to be within a 1% annual flood risk floodplain. The “good” flood zones, where the location appears to be outside the 100-year floodplains, are Zones B, C and X and are said to be low-to-moderate risk zones. (See Appendix for definitions.)

All flood zones are recorded on FEMA’s Federal Insurance Rate Map (FIRM). FIRM is the official map of a community and is where FEMA indicates the special hazard areas that are applicable to the community. To learn to read and understand a FIRM, visit FEMA’s website at

http://www.fema.gov/plan/prevent/fhm/ot_firmr.shtm. It is also worth noting that not all cities participate in NFIP; San Francisco is an example of one that does not.

The main reasons that the flood zone determination may be wrong are:

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- The determination could have been completed only using a computer and not by the traditional manual determination (which has proved to be the most accurate method of determining flood zones). Computer determinations use only the street address and digital maps to complete their assessment. The ease and speed of getting these digital flood zone determinations have been a major cause of inaccuracies in flood zone determinations.
- Another reason, but less likely, is due to new construction in the area.

Inaccurate flood zone determination can cause lenders to impose inappropriate flood insurance requirements on your properties. Further, insurers will charge higher rates for flood insurance for locations within the SFHA. Getting the determination corrected can not only eliminate the lender requirement for flood insurance, but can also result in a refund in insurance premiums paid at the higher rate due to the inaccurate data. Another valuable reason for recognizing and seeking a flood zone determination change for a location is that by eliminating the requirement for flood insurance, the property becomes less expensive to operate and, therefore, more valuable at a future sale.

CORRECTING THE FLOOD ZONE DETERMINATION

The flood zone can be changed, and the cost associated with the change may prove to be a savings down the road in a number of ways as noted above. However, the process can take several months, so it is best to start early. FEMA has administrative procedures in place that allow changing a FIRM based on certain new or revised data. Many companies specialize in performing flood analyses and offer their services to assist in getting FEMA to reassess the bad determination based on the new findings. Many of these companies work on a contingency fee basis and are paid only if an inaccuracy is found. To provide this service, they will need:

- An official copy of the property deed of record
- A property survey or plat map
- Flood insurance declarations page
- Elevation Certificate

Should you not have all of these items, you can usually find what is needed at the local governmental/ county office. If an Elevation Certificate is not available, one will need to be completed by an engineer or land surveyor. (See Willis article, Elevation Certificates, 11/17/2008 for a detailed explanation.) The surveyor will complete one of the following FEMA forms in order to request that the change in determination be made to the FIRM: MT-EZ, MT-1, or MT-2.

These forms can be viewed or downloaded at

http://www.fema.gov/plan/prevent/fhm/frm_form.shtm.

Some flood zone correction companies that will represent your interest in changing the flood zone determination are listed below.

- Flood Zone Correction, Inc. – <http://www.floodzonecorrection.com>
- Flood Zone Specialists, Inc. – <http://www.floodzonespecialists.com>
- The Flood Zone – <http://www.myfloodzone.com>

Once the determination change has been submitted to FEMA, you can check the status of FEMA map changes at: http://www.fema.gov/plan/prevent/flm/st_main.shtm. The final determination can take up to six weeks to complete. FEMA will issue their final decision in the form of a letter called either LOMA (Letter of Map Amendment) or LOMR (Letter of Map Revision). Lenders and insurers do accept the LOMA or LOMR as evidence that the property has been removed from the SFHA.

CONTACTS

If you have additional questions, please contact your local Willis HRH Property broker, your Client Advocate or:

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APPENDIX

SPECIAL FLOOD HAZARD AREAS (SFHA)

The following information was excerpted whole or in part on 11/3/08 from:

http://www.fema.gov/plan/prevent/flm/fq_gen13.shtm

ZONE A: Areas with a 1% annual flood risk and a 26% risk of flooding over the life of a 30-year mortgage. Because detailed analyses are not performed for such areas, no depths or base flood elevations are shown within these zones.

ZONE AE AND A1-A30: Areas subject to a 1% or greater annual chance of flooding in any given year. Base flood elevations are shown as derived from detailed analyses. (Zone AE is used on new and revised maps in place of Zones A1-A30.)

ZONE: Areas subject to a 1% or greater annual chance of shallow flooding in any given year. Flooding is usually in the form of ponding, with the average depths between one and three feet. Base flood elevations are shown as derived from detailed analyses.

ZONE A: River or stream flood hazard areas, and areas with a 1% or greater annual shallow flooding risk, with flooding usually in the form of sheet flow with average depths between one and three feet. Average flood depths are shown as derived from detailed analyses.

ZONE AR: Areas subject to a 1% or greater annual chance of flooding in any given year, which results

from a temporary increased flood risk due to the building or restoration of a flood control system (such as a levee or a dam).

ZONE A: Areas subject to a 1% or greater annual chance of flooding in any given year, but which ultimately will be protected by completion of a flood protection system under construction. No base flood elevations or flood depths are shown.

ZONE V: Coastal areas with a 1% or greater flood risk and an additional hazard associated with storm waves. Because no detailed analyses have been performed of these areas, no base flood elevations are shown.

ZONE VE AND VI-30: Coastal areas with a 1% or greater flood risk and an additional hazard associated with storm waves. Base flood elevations are shown as derived from detailed analyses. (Zone AE is used on new and revised maps in place of Zones A1-A30.)

ZONE D (UNDETERMINED): In areas of possible but undetermined flood risk, flood insurance rates reflect the uncertainty of the flood risk.

NON-SPECIAL FLOOD HAZARD AREAS

ZONES B, C, AND X

Zones B, C and X are the flood insurance rate zones that correspond to areas outside the 1% annual chance floodplain, areas of 1% annual chance sheet flow flooding where average depths are less than one foot, areas of 1% annual chance stream flooding where the contributing drainage area is less than one square mile, or areas protected from the 1% annual chance flood by levees. No base flood elevations or depths are shown within this zone. Insurance purchase is not required in these zones.

REFERENCE

FEMA WEBSITES

- <http://www.floodsmart.gov/>
- <http://www.fema.gov/>

VARIOUS FLOOD ZONE CORRECTION COMPANIES

- Flood Zone Correction, Inc. – <http://www.floodzonecorrection.com>
- Flood Zone Specialists, Inc. – <http://www.floodzonespecialists.com>
- The Flood Zone – <http://www.myfloodzone.com>