



## Flood Maps are Changing... What Lenders Should Know

### MAPPING THE RISK

FLOOD MAP  
MODERNIZATION



### This fall, Hillsborough County enters a new era.

A multi-year project to re-examine flood zones and develop detailed, digital flood hazard maps is nearing completion. The new maps reflect current flood risks, replacing maps that are up to 25 years old. As a result, lenders and property owners throughout the county will have up-to-date, reliable, Internet-accessible information about their flood risk — on a property-by-property basis. And owners of thousands of properties will learn that their risk is higher, or lower, than they thought. The changes may affect closings and existing loans for both residents and business owners throughout the area.

### Flood Maps: A Risk Management Must

Flood hazard maps, also known as Flood Insurance Rate Maps (FIRMs), are important tools in the effort to protect lives and properties. By showing the extent to which areas of the county — and individual

properties — are at risk for flooding, flood maps help community planners, local officials, engineers, builders and individual citizens make better financial decisions about *where* and *how* to build and how to protect their investment.

### Inform Borrowers About Flood Insurance Requirements

In addition to ensuring that mortgage applicants receive notification of current flood zone information, you will want to make them aware of any *upcoming changes* in flood risk status. Loan applicants should also be informed of any flood insurance *requirements* currently associated with the property. Once the new maps are adopted, flood insurance requirements may change. Both you and the borrower need to be aware of when the preliminary maps will become final, and what the potential effects will be on the requirements for flood insurance. Knowing this in advance will help make for a smoother closing. Owners of properties that are being mapped into a high-risk area will be required to purchase flood insurance once

the maps are adopted. However, many owners can save money if they purchase their insurance prior to map adoption — a process known as “grandfathering”. Borrowers whose properties are being mapped out of a high-risk area will no longer be required by law to carry flood insurance. However, there is still some risk of flooding, and lower cost insurance policies are available to protect such properties.

### THE MAP UPDATE PROCESS

**November 15, 2006** — Preliminary maps released

**December 1, 2006** (approx.) — Start of 90-day Public Comment Period (for filing of appeals and protests)

**March 2007** (approx.) — County and federal review begins

**Fall 2008\*** — Maps effective; new insurance requirements take effect

Visit [www.hillsboroughcounty.org](http://www.hillsboroughcounty.org) to see the preliminary maps and learn when map changes take effect

**For General Information Call:** The Hillsborough County Citizen Action Center at 813-272-5900 Open 7 a.m.-11 p.m., seven days a week.

\* Date subject to change pending completion of review process

## Flood Insurance Requirements and Options

When the new maps are adopted, flood insurance requirements will change. However, options exist that will allow property owners to save money while still protecting their property.

IF MAPS SHOW...	THESE REQUIREMENTS, OPTIONS AND SAVINGS APPLY
<b>Change from low or moderate flood risk to high risk</b>	<p><b>Flood insurance is mandatory.</b> Flood insurance will be federally required for most mortgage holders.* Insurance costs may rise to reflect the true (high) risk.</p> <p><b>Grandfathering offers savings.</b> The National Flood Insurance Program (NFIP) has "grandfathering" rules to recognize policyholders who have built in compliance with the flood map, who maintain continuous coverage or buy a policy before the new maps become effective. An insurance agent can provide more details on how to save.</p>
<b>Change from high flood risk to low or moderate risk</b>	<p><b>Flood insurance is optional, but recommended. The risk has only been reduced, not removed.</b> Flood insurance can still be obtained, at lower rates. Twenty-25 percent of all flood insurance claims come from low- or moderate-risk areas.</p> <p><b>Conversion offers savings.</b> An existing policy can be converted to a lower-cost Preferred Risk Policy.</p>
<b>No change in risk level</b>	<p><b>No change in insurance rates.</b> Property owners should talk to their insurance agent to learn their specific risk and take steps to protect their property and assets.</p>

## Flood Risks and Flood Zones

Flood maps refer to areas of high, medium or low risk as "flood hazard zones" and the zones of highest risk as "Special Flood Hazard Areas."

RISK LEVEL	FLOOD HAZARD ZONE
<b>High Flood Risk</b>	<p><b>AE, A, or AO Zone.</b> These properties have a 1 percent chance of flooding in any year — and a 26 percent chance of flooding over the life of a 30-year mortgage.</p> <p><b>VE or V Zone.</b> These properties have a 1 percent chance of flooding in any year and also face hazards associated with coastal storm waves.</p>
<b>Low or Moderate Flood Risk</b>	<p><b>Shaded X Zone.</b> These properties are outside the high-risk zones. The risk is reduced but not removed.</p> <p><b>X Zone.</b> These properties are in an area of overall lower risk.</p>

**Note: Owners and tenants of commercial and multi-unit properties, such as businesses, apartment complexes and office parks, did not receive notification letters if their flood risk has changed, therefore these residents need to review the maps to ensure that no changes have occurred to their property.**

\* Required for loans provided by federally regulated lenders as well as Government Sponsored Enterprises such as Freddie Mac and Fannie Mae.

**FOR MORE INFORMATION** Visit [www.hillsboroughcounty.org](http://www.hillsboroughcounty.org) to view the new digital flood maps, see the areas that are changing flood zones and learn how Hillsborough County will be affected. Visit [www.FloodSmart.gov](http://www.FloodSmart.gov) for more information about how to protect against flooding and the steps local residents may need to take to ensure that they have proper insurance coverage to protect their investment.



FEMA