

## Helping Sanctioned Communities with Special Flood Hazard Areas Understand the Benefits of the NFIP



*Although flood insurance is available on the private market, private flood insurance is typically more costly than Federal flood insurance.*

From its extensive post-disaster experience, FEMA has found that many non-participating communities with identified Special Flood Hazard Areas (SFHAs) or "sanctioned communities," do not know about the Federal disaster-related implications of non-participation in the National Flood Insurance Program (NFIP).

Sanctioned communities do not qualify for flood-related Federal disaster assistance for acquisition, construction, or reconstruction purposes in SFHAs. This may have serious consequences for the community's real estate market and economic viability, as each federally regulated lender must notify the purchaser or lessee that Federal disaster assistance is not available for that property in the event of a flood.

In addition, property owners and renters in sanctioned communities cannot purchase

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NATIONAL FLOOD  
A LENDER PROCESSING SERVICES COMPANY

1521 N Cooper St | 4th Floor  
Arlington, TX 76011

Lender Customer Phone Number:  
(800) 833-6347

Insurance Customer Phone Number:  
(877) 436-8353

Hours of Operation:  
M-F 7:00am to 9:00pm, Central

Customer Service:  
Press "2" at voice prompt  
[flood@lpsvcs.com](mailto:flood@lpsvcs.com)

Technical Support:  
Press "3" at voice prompt  
[floodsupport@lpsvcs.com](mailto:floodsupport@lpsvcs.com)

Product Information:  
Press "4" at voice prompt  
[floodinfo@lpsvcs.com](mailto:floodinfo@lpsvcs.com)

Have a question or topic that you would like addressed in the *National Flood Observer*? Submit your suggestions to [floodinfo@lpsvcs.com](mailto:floodinfo@lpsvcs.com)

[www.lpsnationalflood.com](http://www.lpsnationalflood.com)

Joining the  
National Flood  
Insurance Program

FEMA 496

May 2005



## Understanding the Benefits of NFIP

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the federally underwritten flood insurance coverage they need to protect and rebuild their property in the event of a flood disaster. Under the Flood Disaster Protection Act of 1973, as amended, flood insurance must be purchased by property owners seeking any Federal financial assistance for construction or acquisition of buildings in SFHAs. This financial assistance includes:

- Certain federally guaranteed mortgages and direct loans;
- Federal disaster relief loans and grants; and
- Other assistance from FEMA and other Federal agencies.

Although flood insurance is available on the private market, private flood insurance is typically more costly than Federal flood insurance.

In an effort to inform affected communities of these ramifications, FEMA mailed letters to approximately 1,500 communities nationwide that have identified SFHAs depicted on a Flood Hazard Boundary Map or Flood Insurance Rate Map, but do not participate in the NFIP. The letters, which were mailed in April of this year, were sent to two types of communities: those with SFHAs that have never participated in the NFIP, and those with SFHAs that participated in the NFIP but were suspended or voluntarily withdrew from the program. Each letter provides information about joining the NFIP or the steps necessary to reinstate their former participation in the NFIP. The FEMA brochure *Joining the National Flood Insurance Program*, which contains detailed information about the process and benefits of enrolling in the NFIP, was enclosed with each letter.

To be compliant with the NFIP, a community must adopt and enforce minimum floodplain management requirements within the SFHAs of the community. These requirements are designed to prevent new and substantially damaged or substantially improved existing development from increasing the flood damage potential and to protect development from future flooding. FEMA urges all eligible communities to take the necessary steps to join the NFIP so that:

- Property owners and renters may be approved for Federal disaster assistance;
- Property owners and renters may obtain federally backed flood insurance; and
- Future development in SFHAs is regulated to reduce the impacts of the devastating effects of flood disasters.

The above article was originally published by the National Flood Insurance Program newsletter: *eWatermark*.

### **For further information, you may want to review the following websites:**

The NFIP State and Local Officials page – <http://www.fema.gov/national-flood-insurance-program/information-state-local-officials>

NFIP Information for Homeowners and Renters Page – <http://www.fema.gov/plan/prevent/floodins/infocon.shtml>

Flood Insurance Requirements for Recipients of Federal Disaster Assistance – <http://www.fema.gov/library/viewRecord.do?id=3323>

Public Assistance: State Local, Tribal and Non-Profit – <http://www.fema.gov/public-assistance-local-state-tribal-and-non-profit>

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## New Password Complexity Requirements

LPS National Flood is committed to securing your information and we dedicate substantial resources to data security. To ensure that client data is well-protected, we have implemented stronger security measures to protect your valuable assets. This includes increasing the complexity requirements of the password used to log on to our website.

Within the next few months, you will be prompted to change your password to meet our security requirements. Your new password must be at least eight (8) characters long, cannot be the same as your previous ten (10) passwords, and must include at least three of the following complexity levels:

- At least one uppercase letter
- At least one lowercase letter
- At least one numeric character
- At least one special character

**Security Tip:** Try thinking of a phrase that is relevant to you and easy to remember, and use the first letter of every word. For example: "I like to watch baseball, football and hockey" might convert to: **Il2wbf&h**.

**If you are still sharing user names, now might be a good time to set up individual users with their own user name and password.** To set up individual users, please email the following information to [floodsetup@lpsvcs.com](mailto:floodsetup@lpsvcs.com):

Company Name  
Current User Name  
Your Name  
Your email address  
Preferred user name

LPS National Flood will email confirmation of set up.

## FEMA Extends Transition Period for New SFHDF

The new Standard Flood Hazard Determination Form (SFHDF), FEMA Form 086-0-32 has been published. FEMA has updated their website located at <http://www.fema.gov/library/viewRecord.do?id=1394> with the following message: "The Agency will be allowing users a three year transition period ending on the expiration date so user systems can be changed before final adoption of the form is required. The previous form can be used until that time. Users may choose to update their systems at any time to the new format."

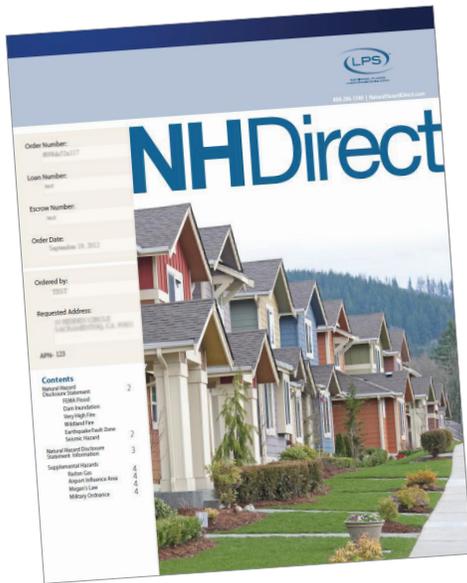
This will provide LPS National Flood with ample time to make the necessary changes. According to the FEMA website and form instructions, the changes include:

- FEMA Form 81-93 is now **FEMA Form 086-0-032**
- Expiration date is **May 31, 2015**
- Property Address and **Parcel Number**
- **LOMA/LOMR Number.**
- **Section D:** Add the following additional sentence: Please note, the risk of flooding in this area is only reduced, not removed.

Please visit our website at [www.lpsnationalflood.com](http://www.lpsnationalflood.com) for the latest updates, or contact a member of our Account Management team with any questions.

## LPS National Flood Introduces NHDirect for Concise, Accurate and Cost-Effective Natural Hazard Disclosure Reports in California

### NHDirect Helps Real Estate Agents Complete Successful Real Estate Transactions



LPS National Flood is excited to announce it recently launched NHDirect, a clear, concise and cost-effective California natural hazards disclosure report that meets the state's legally mandated disclosure requirements.

Natural hazard disclosure reports are provided by real estate agents to alert homebuyers if a property in California lies in a state-mapped hazard area at risk for flood, earthquakes, fires, landslides and other environmental hazards. NHDirect combines accuracy, clarity and affordability in a short, simplified document focusing on the hazard data required by California law.

Supplemental information on radon gas, airport influence, Megan's Law disclosures and military ordinances is also included in NHDirect reports. A California tax report that details all of a property's applicable taxes – including Mello-Roos and 1915 Bond Act Assessment Districts – is available as an addition to the report.

"NHDirect is a quick, reliable natural hazard disclosure solution that offers

accuracy and reliability at substantial savings for real estate agents," said Mark Reedy, managing director, LPS National Flood. "Our simple, efficient online ordering process delivers reports electronically – usually within seconds – to ensure a faster turnaround time for quicker closings."

LPS National Flood has developed a user-friendly website, located at [www.naturalhazarddirect.com](http://www.naturalhazarddirect.com), which will enable users to order, review and receive NHDirect reports online. The ordering interface uses Web 2.0 technologies for an improved user experience, and the solution can be directly integrated with production systems.

More information about NHDirect can be found at [www.naturalhazarddirect.com](http://www.naturalhazarddirect.com).

## Lender I.D. Number

FEMA's Standard Flood Hazard Determination Form ("SFHDF") instructions require that the **Lender ID Number** appear in Section I, Box 3. If you are anticipating a regulatory audit, we encourage you to make sure that your Lender ID is printing on the SFHDF. According to the SFHDF instruction page, the lender funding the loan should identify itself as follows:

- **FDIC-insured lenders** should indicate their FDIC Insurance Certificate Number.
- **Federally-insured credit unions** should indicate their charter/insurance number.
- **Farm Credit institutions** should indicate their UNINUM number.
- **Other lenders** who fund loans **sold to or securitized by FNMA or FHLMC** should enter the FNMA or FHLMC seller/servicer number.

To ensure that your Lender ID Number is printing on all of the SFHDFs you receive, please review a recently-ordered flood certificate. If you find it missing, you can request that it be added by emailing your LPS account number and Lender ID to [flood@lpsvcs.com](mailto:flood@lpsvcs.com). Be sure to include your contact information.