National Flood Observer

Winter 2011

A Quarterly Newsletter from LPS National Flood

Another Short-Term NFIP Extension

At the time of this writing it appears that Congress will extend the National Flood Insurance Program (NFIP) until May 31, 2012. The current extension of the NFIP is slated to expire December 16.

U.S. Sen. David Vitter successfully worked to pass through the Senate, his bill to extend the National Flood Insurance Program through May 31, 2012. "I'm glad that my Senate colleagues agreed with me that the NFIP is too important for us to allow it to lapse again. Last year, the program expired four times for a total of 53 days, causing lost real estate closings and further economic pain for residents of flood-prone areas," said Vitter. "This causes great chaos and uncertainty for the housing market, and I'm hopeful that the House will pass my short-term extension and that the Senate will act on a longer-term 5-year extension to provide a lot more certainty for homeowners."

Prospects for passage of NFIP reform legislation including a 5 year reauthorization appeared better than they have been in many years. Legislation reforming the NFIP passed both the House and Senate in 2007 and 2008, but differences were never resolved and the legislation wasn't enacted. Earlier this year, the House passed the Flood Insurance Reauthorization and Reform Act (HR 1309) on July 12. On September 8, the Senate Banking Committee passed the Flood Insurance Reform and Modernization Act of 2011 but consideration by the full Senate has not occurred. Significant similarities existed between the two bills. However, due to the demands on Senate floor time and the potential for the addition of controversial amendments, nothing was finalized.

We'll see what happens in 2012.

LPS 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

Technical Support:
Press "3" at voice prompt
floodsupport@lpsvcs.com

Product Information:
Press "4" at voice prompt
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**

www.lpsnationalflood.com

New FEMA Lender Compliance Director & Interagency Q&A

A memorandum released by FEMA and published in the Federal Register (76 FR 64175) on November 10 announced that Jeffrey Woodward, formerly of FEMA Region 10, has been selected for the position of Lender Compliance Officer in the Industry and Public Relations Branch. Also contained in the announcement were proposed *Interagency Questions and Answers Regarding Flood Insurance* for which comments were accepted until December 1, 2011.

Jeffrey Woodward, Compliance Officer

The questions and answers proposed in the *Interagency Q&A* are related to lenders' requirements and options for force-placing flood insurance as well as how to determine the "insurable value" of a structure. Two questions and answers have been finalized (#9 and #61) regarding how to determine "insurable value" of a structure and when flood insurance can be force-placed if the borrower does not obtain adequate coverage within the 45-day notice period, respectively.

The Agencies will publish the combined and complete Interagency Questions and Answers in their entirety once the questions and answers that are being proposed for comment are finalized. If you would like to view the FEMA memorandum and corresponding Federal Register pages, please refer to the link below: **http://www.nfipiservice.com/stakeholder/pdf/bulletin/w-11117.pdf**

Optional Disclosure for "Flood Insurance Coverage Subject to Change"

In response to the new flood insurance disclosure language required by different investors, LPS National Flood has created a custom Notice to Borrower (NTB) with added language for flood insurance and servicing transfer disclosures. This custom Notice of Special Flood Hazard (NSFH) contains the new investor requirement of the full Flood Insurance Coverage Subject to Change Disclosure.

LPS National Flood has added this language for flood insurance and servicing transfer disclosure requirements to the existing NTB/NSFH, and offers it as a custom alternative that is available upon request.

The Flood Disaster Protection Act (FDPA) requires federally regulated lenders to ensure that adequate flood insurance coverage is in place for any property used as collateral for a loan that has a building (dwelling, structure, or improvements) located or to be located in a Special Flood Hazard Area (SFHA). This additional language on the NTB is to ensure borrowers are appropriately informed of the right of future mortgage servicers to adjust flood coverage.

To request the custom NTB/NSFH including the Flood Insurance Coverage Subject to Change Disclosure, please contact us at: **floodinfo@lpsvcs.com** or **(800) 833-6347 ext. 633**

Special Flood Hazard Determination Form revision

The National Flood Determination Association (NFDA) has been in close communication with FEMA regarding the upcoming December 31 expiration of the current version of the Standard Flood Hazard Determination Form 81-93 ("SFHDF"). On November 21, 2011, FEMA issued an updated Notice for public comment in the Federal Register (76 FR 71990) announcing some revisions to the SFHDF and opening the 30 day period for public comment.

Since that time, NFDA has worked with FEMA to obtain additional details on the changes which are only generally described in the Notice.

LPS National Flood has formally responded to FEMA regarding the proposed SFHDF changes. We have also provided support to the NFDA in formulating a unified response regarding the SFHDF changes and the impact on the lending and flood determination industries.

FEMA has informed us that there will likely be a six-month transition period to allow for users of the SFHDF to make any changes to the new version once it is formalized. In the meantime, FEMA will extend use of the current version until the new version is released.

We will provide news on the SFHDF as it becomes available. If you have questions about the SFHDF, please e-mail us at **floodinfo@lpsvcs.com**.

Tips to Keep Your Holidays Safe, Merry & Bright:

Beware of Cyber Scams

1 Holiday-Themed Email and E-card Scams: **You may be tempted to click on that link to download a holiday recipe, festive ringtone or e-card, but what may really be lurking behind the dancing elf card is malware or spyware.**

Tip: Be skeptical about anonymous messages that arouse your curiosity; if there's any question who sent the message or card, don't click on the link.

2 Social Networking Scams: **The popularity of social networking sites has made them a lucrative target for criminals to use for spamming, stealing personal information and committing online fraud.**

Tip: Be cautious who you "friend" and "follow"; be wary of posts which contain links, and be mindful of the type and amount of information you share, such as where you live, when you'll be on vacation, etc.

3 Internet Scams: **Be wary of any website or online offer that looks "too good to be true." Criminals can spoof legitimate sites to look just like the real thing;**

Tip: Use reputable websites you know and trust and verify questionable sites with the Better Business Bureau.

4 Spear Phishing Scams: **Spear phishing messages are aimed at specific victims and may contain the recipient's name or email address or mention a friend's name or departmental reference, in order to personalize the message and make it appear more legitimate.**

Tip: Don't click links or attachments from unknown messages and verify the legitimacy of any suspicious email, even if it contains specific information such as your company's name, address, your email address, etc.

Home Price Index Provides **Accuracy, Coverage, Stability**

LPS Applied Analytics' Home Price Index (HPI) shows historical price trends for residential properties in the United States, offering cost-effective estimates of property values that underlie residential mortgage portfolios and securities.

Leveraging LPS' unique data sources and innovative algorithms, the LPS HPI offers broad coverage with high geographic resolution. It comprises more than 13,000 ZIP codes nationwide, including many in non-disclosure states. Within each ZIP code, the LPS HPI provides five price tiers to show price range and patterns of change for entry-level homes, high-end homes and homes in the middle market. REO discounts down to the ZIP code level are also provided and used to correct for distortions that otherwise occur when REO sales are included in HPI calculations. Together, these features make the LPS HPI a reliable tool for estimating borrower stress, negative equity and potential for default and loss – essential factors for today's decision makers.

Two LPS data repositories, SiteX Real Estate and McDash Loan Data, provide the foundation for the HPI. Together they provide data for approximately 75 percent of U.S. properties nationwide; 98 percent of these properties are indexed at the ZIP code level. LPS owns and maintains these repositories, which facilitates efficient processing, and allows the LPS HPI to show market trends up to two months before other available indices.
In addition to its accuracy and coverage, the LPS HPI also offers mortgage professionals and investors a stable view of home price trends. Using proprietary methods and refinements for smaller geographies, LPS ensures that its results portray a true characterization of the market. For included geographies there are no gaps in historical data, and monthly updates result in minimal restatement. The LPS HPI is a powerful foundation for portfolio management models.

For more information, call **866.964.8343**, email **lpsAAsales@lpsvcs.com** or visit our website at **www.LPSVCS.com**.