

Important Information about the Mandatory Purchase of Flood Insurance for Your Building

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About the National Flood Insurance Program (NFIP)

The unincorporated Ventura County has been an active participant in the National Flood Insurance Program (NFIP) since October 31, 1985. The NFIP is a Federal program specifically designed to provide flood insurance to all property owners who have eligible buildings, whether they are built in a Special Flood Hazard Area (floodplain) or not. The Special Flood Hazard Area (SFHA) is the floodplain which is created as a result of the 1% annual chance flood/storm event; formerly referred to as the 100-year flood/storm event. Flood insurance covers direct losses caused by surface flooding including a river, creek or other watercourse flowing over its banks, storm water flowing down a mountainside along with boulders, rocks, sediment, vegetation and other debris that have subsequently been dislodged (this is called an alluvial fan floodplain), a lake and the Pacific Ocean, broken water mains/lines (2 or more houses) and local drainage problems.

The NFIP insures buildings, including manufactured (mobile) homes, with two types of coverage: buildings and contents. Building coverage is for the walls, floors, insulation, furnace, and other items that are permanently attached to the building. Contents coverage may be purchased separately if the contents are in an insurable building.

Mandatory Purchase of Flood Insurance Requirement

The Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994 made the purchase of flood insurance mandatory for all Federally backed mortgages on buildings located within Special Flood Hazard Areas (floodplains). It also affects all forms of Federal or Federally related financial assistance for buildings located in Special Flood Hazard Areas (SFHA). Some buildings may not need to be covered by a policy; please check with your lender. The SFHAs are mapped on the Digital Flood Insurance Rate Map (DFIRM) and are shown as zones that begin with the letter "A" or "V".

This requirement applies to second mortgage loans from such financial institutions as commercial lenders, savings and loan associations, savings banks, and credit unions that are regulated, supervised, or insured by Federal agencies such as the Federal Deposit Insurance Corporation and the Office of Thrift Supervision. It also applies to all mortgage loans purchased by Fannie Mae or Freddie Mac in the secondary mortgage market.

Federal financial assistance programs affected by the laws include loans and grants from agencies such as the Department of Veterans Affairs, Farmers Home Administration, Federal Housing Administration, Small Business Administration, and the Department of Homeland Security's Federal Emergency Management Agency (FEMA).

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How the Purchase of Flood Insurance Works

Lenders are required to complete a Standard Flood Hazard Determination form whenever they make, increase, extend, or renew a mortgage, home equity, HELOC, line-of-credit, home improvement, commercial or farm credit loan to determine if the building or manufactured (mobile) home is in a Special Flood Hazard Area. It is the Federal agency's or the lender's responsibility to check the current Digital Flood Insurance Rate Map (DFIRM) to determine if the building is in a Special Flood Hazard Area. Copies of the DFIRMs for floodplain properties within the unincorporated Ventura County can be reviewed at the County of Ventura Government Building: Public Works Agency counter (3rd floor), 800 South Victoria Avenue, Ventura, Monday through Friday during normal business hours (8:00 a.m. – 4:30 p.m.). Copies can be provided by contacting the Public Works Agency at (805) 654-3027. Your lender might also have copies or they might use a flood zone determination company to provide the Standard Flood Hazard Determination form.

If your building is located in a Special Flood Hazard Area, the Federal agency or lender is required by law to require you to purchase a flood insurance policy on the building. Federal regulations require coverage equal to the amount of the loan (excluding the appraised value of the land) or the maximum amount of insurance available from the NFIP, whichever is less. The maximum amount available for a single family dwelling is \$250,000. Government sponsored enterprises such as Freddie Mac and Fannie Mae, have stricter requirements.

The mandatory purchase requirement does not affect loans or financial assistance for items that are not covered by a flood insurance policy such as vehicles, business expenses, landscaping, and vacant lots. It does not affect loans for buildings that are not in the floodplain, even though a portion of the lot may be. While not mandated by law, a lender may require a flood insurance policy, as a condition of a loan, for a property in any zone on the DFIRM (example: in an "X Shaded Zone" which is an area located immediately outside of the floodplain).

If you feel that a Standard Flood Hazard Determination form incorrectly places your property in the Special Flood Hazard Area, you may request a 'Letter of Determination Review' directly from the Federal Emergency Management Agency (FEMA). This must be submitted within 45 days of the determination. More information can be obtained at: www.fema.gov/plan/prevent/fhm/fq_gen11.shtm.

If you have questions regarding flood insurance, please visit FEMA's insurance website at: www.floodsmart.gov or you can call FEMA, toll free, at 1 (888) 379-9531. Flood insurance information can also be obtained by visiting the County's Floodplain Management website at: www.vcfloodinfo.com.

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