

# Information About Flood Insurance

This community participates in the National Flood Insurance Program (NFIP), which makes federally backed flood insurance available for all eligible buildings, whether they are in a floodplain or not. Flood insurance covers direct losses caused by surface flooding, including a river or lake flowing over its banks, an ocean storm, and local drainage problems.

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

## Mandatory Purchase Requirements

The Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994 made the purchase of flood insurance mandatory for federally backed mortgages on buildings located in the Special Flood Hazard Areas (SFHAs). It also affects all forms of Federal or Federally related financial assistance for buildings located in SFHAs.

The SFHA is the base (100-year) floodplain mapped on a Flood Insurance Map (FIRM). It is shown by zones designated "AE," "AO," and "A" in Marion County.

The rule applies to secured 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).



Willamette River near the Independence bridge during '96/'97 floods.

## How it Works

Lenders are required to complete a Standard Flood Hazard Determination (SFHD) form whenever they make, increase, extend or renew a mortgage, home equity, home improvement, commercial or farm credit loan to determine if the building or manufactured (mobile) home is in an SFHA. It is the Federal agency's or the lender's responsibility to check the current FIRM to determine if the building is in an SFHA. Copies of the FIRM for Marion County outside cities are available for review at Marion County Planning's office, 555 Court St SE, Salem, Oregon. Lenders may also have copies or they use a flood zone determination company to provide the SFHD form.

If the building is in an SFHA, the Federal agency or lender is required by law to require the recipient to purchase a flood insurance policy on the building. Federal regulations require building coverage equal to the amount of the loan (excluding 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 residence is \$250,000. Government sponsored enterprises, such as Fannie Mae or Freddie Mac, 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 an SFHA, 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 a FIRM.

If a person feels that a SFHD form incorrectly places the property in the SFHA, he or she may request a Letter of Determination Review from FEMA. This must be submitted with 45 days of the determination. More information can be found at: [http://www.fema.gov/plan/prevent/fhm/fq\\_gen11.shtm](http://www.fema.gov/plan/prevent/fhm/fq_gen11.shtm).

## **If Your Property is Not in a Floodplain**

You may want to consider purchasing flood insurance even though your property, or structures on your property, are not in the SFHA. Flood insurance provides coverage for structures on a property subject to flooding even whether the flooding is caused by river flooding or local drainage problems.

Every year the federal government makes emergency disaster declarations when flood or other natural disasters strike. All people in an area subject to an emergency declaration are eligible for federal assistance to reimburse them for their property losses, usually in the form of loans.

Every year, smaller flooding events also occur, too limited in scope or duration to be declared a federal disaster. Unless the people affected by smaller events have purchased flood insurance, there is no assistance available to them. Their losses are not reimbursed and that can create a severe hardship.

Flood insurance is available to everyone in Marion County, whether they are in a floodplain or not, and offers protection against many kinds of flooding, including minor flooding events which

can cause significant losses to individual properties. Instead of being offered a loan that must be repaid, the property owner receives a check for the amount of the loss. Flood insurance is an important part of protecting against future flood losses. Contact your insurance agent for more information about obtaining flood insurance.



Dwelling on the Pudding River elevated to protect it from flooding.

## **For More Information**

The Marion County Planning Department will provide you with the following information upon request:

- Whether a property is in or out of a Special Flood Hazard Area (SFHA) as shown on the current Flood Insurance Rate Map (FIRM) of the County.
- Additional flood insurance data for a site, such as the FIRM zone and the base flood elevation or depth, if shown on the FIRM.
- A handout on the flood insurance purchase requirement that can help people who need a mortgage or loan for a property in the SFHA.
- FEMA elevation certificates for construction in the Marion County SFHA since 1979.
- Regulations for development in the floodplain.

Marion County participates in the National Flood Insurance Program (NFIP) and the Community Rating System (CRS). The county's flood outreach efforts and management practices places it in the top 8% of jurisdictions nationwide and brings many benefits to county residents, including a savings of up to 20% on flood insurance premiums. The NFIP makes federally backed flood insurance available for all buildings, whether they are in a floodplain or not. Flood insurance covers direct losses caused by surface flooding, including local drainage problems.

### **Questions about flood insurance or building in a floodplain?**

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