

DEPARTMENT OF COMMUNITY DEVELOPMENT

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320 MI



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About the Mandatory Purchase of Flood Insurance Requirements

FOR INFORMATIONAL PURPOSES ONLY

NFIP: 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 flowing over its banks, a lake or 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 Special Flood Hazard Areas (SFHSs). It also affects all forms of Federal mortgages on buildings located in SFHAs. The SFHA is the base (100 year) floodplain mapped on a Flood Insurance Rate Map (FIRM). It is shown as one or more zones that begin with the letter "A" or "V".

The rule applies to secured mortgage loans from such financial institutions as commercial lenders, savings and loan association, 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).

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 a SFHA. It is the Federal agency's or the lender's responsibility to check the current Flood Insurance Rate Map (FIRM) to determine if the building is in an SFHA. Copies of the FIRM are available for review in most local government building or planning departments. Lenders may also have copies or they use a flood zone determination company to provide the SFHD form.

If the building is in a 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 resident 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 a 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 within 45 days of the determination. More information can be found at http://fema.gov/plan/prevent/fhm/fq_gen11.shtm.

Elevations certificates for properties in these areas can be viewed at the City of Tifton Community Development Department, 402 N. Ridge Avenue, Tifton, GA; Monday thru Friday 9:00 am – 3:00 pm. If you have any further questions you can reach our office at 229-391-3950.

ELECTED OFFICIALS:

JULIE SMITH
MAYOR

WES EHLERS
VICE-MAYOR
DISTRICT 1

JACK H. FOLK, JR.
DISTRICT 2

JOHNNY TERRELL, JR
DISTRICT 3

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DISTRICT 4



PETE PYRZENSKI
CITY MANAGER

