

HERNANDO COUNTY'S FLOOD MAPS ARE CHANGING

What Lenders Need to Know

Important changes to the Hernando County flood hazard maps are underway. As floodplain boundaries change, your clients will likely turn to you to help them with decisions about protecting their property and other assets. The changes may also affect your own business, so be sure to stay informed.

Hernando County Flood Maps Are Changing

In July 2010, the Southwest Florida Water Management District (SWFWMD) and the Federal Emergency Management Agency (FEMA) will be releasing new preliminary flood hazard maps, known as Digital Flood Insurance Rate Maps (DFIRMs), for all of Hernando County. The new DFIRMs will show the extent to which areas of the county are currently at risk for flooding.

The remapping effort—part of FEMA's nationwide flood map modernization effort—was necessary because the flood hazard and risk information shown on the current flood maps is outdated. The maps now in force were developed over 25 years ago. Since then, the drainage patterns have changed, new land development has occurred, and mapping and modeling technology has significantly improved. These new flood maps will provide lenders and property owners with up-to-date, reliable, Internet-accessible information about Hernando County's flood risk on a property-by-property basis.

Understanding the Effects

While the DFIRMs may not become effective for another 12 months or more, it is important for lenders to understand the effects that these map changes have on flood insurance requirements and what options are available for their clients.

Properties may be mapped into higher risk zones, have changes in their Base Flood Elevation (BFE), be mapped into lower risk zones, or remain in the same

zone. These changes may affect closings and existing loans for both residents and business owners throughout the area, so lenders need to be prepared.

Notifying Borrowers in a High-Risk Flood Zone

When a real estate secured loan is applied for through a federally regulated or insured lender, the lender must use the effective DFIRM to determine the property's flood risk¹. If the property is located in a high-risk area (known as a Special Flood Hazard Area [SFHA] and shown on the flood maps with letters beginning with "A" or "V"), flood insurance is required prior to or at closing.



Before the new DFIRMs become effective, originating lenders and borrowers should stay informed about any impending map changes. Lenders or borrowers must determine, prior to closing, what possible changes to the flood risk and Federal flood insurance requirement will occur and when the changes will take effect. This will help ensure that any changes in flood insurance requirements are known in advance and provide for a smoother closing. If flood insurance is required at closing and the

insurance agent has determined that the property qualifies to be "grandfathered" per the National Flood Insurance Program's (NFIP's) underwriting rules, the borrower can provide a policy that is not rated in an "A" or "V" zone.

Notifying Borrowers Mapped into a Moderate- or Low- Risk Zone

When the DFIRMs become effective, some properties may be mapped into a lower risk flood zone where flood insurance is not required². While the

¹ This requirement also applies when increasing, renewing, or extending a loan.

² Lenders have the right to continue to require flood insurance, even if it is not federally required.



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requirement has been removed, the risk has not; it has only been reduced. When lenders notify the borrower of this change, they are encouraged to urge the borrower to consider maintaining coverage. Many borrowers, through their insurance agent, can easily convert their existing coverage to a lower-cost Preferred Risk Policy.

MAPPING MILESTONES

July 2010 — Preliminary flood maps released
Start of 90-day Public Comment Period (for filing of appeals and protests)

Spring 2011 - SWFWMD and federal review begins

Fall 2011 — New flood maps take effect; new flood insurance requirements also take effect

Visit www.hernandocounty.us to learn more about the mapping process and where and when meetings may be held

For General Information Call (352) 540-6300

Public Open Houses:
Wednesday, August 11, 2010
3:30 to 7:30 p.m.
Thursday, August 12, 2010
3:30 to 7:30 p.m.
Central High School Cafeteria
14075 Ken Austin Parkway
Brooksville, Florida 34601

officials as Hernando County goes through the remapping process.

Prepare by staying in contact with local officials and periodically visiting the Hernando County web site at www.hernandocounty.us. The preliminary maps may be viewed at www.hernandocounty.us. The maps are also be available for viewing at the Hernando County Development Services Department, 789 Providence Blvd., Brooksville, Florida from 9:00 a.m. to 5:00 p.m. Monday – Friday. Questions may be directed to (352) 540-6300.

To learn more about flood insurance, visit www.FloodSmart.gov.

For National Flood Insurance Program information specifically for lenders, including information about the mandatory purchase of flood insurance guidelines, go to: www.fema.gov/business/nfip/infol.shtm.

A copy of the mandatory purchase flood insurance guidelines can be obtained by visiting: www.fema.gov/library/viewRecord.do?id=2954.

Stay Informed

Knowing when and where map changes are occurring allows lender to be properly prepared to educate current and prospective borrowers on what the flood risk is (or what the changes may be), the related insurance requirements, and that there are insurance options (an insurance agent can always provide greater detail on coverages and costs). This information will allow both parties to be better prepared at closing and avoid delays.

To stay informed about local map changes, local lenders should stay in contact with community

