

## What Realty Professionals Need To Know

*Important changes to the Roswell 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.*

### ROSWELL FLOOD MAPS ARE CHANGING

In Summer 2011, the Georgia Department of Natural Resources 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 Fulton 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map modernization effort—was necessary because the flood hazard and risk information shown on the current flood maps is outdated.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 twelve 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 real estate professionals and their clients with up-to-date, reliable, Internet-accessible information about Roswell’s flood risk on a property-by-property basis.

### UNDERSTANDING THE EFFECTS

While the DFIRMs may not become effective for another twelve months or more, it is important for real estate professionals to understand the changes in the new maps to properly communicate to their client a property’s flood risk and any implications to the federal flood insurance requirements.

### Properties Already Mapped in a High-Risk Flood Zone

Home and business owners should disclose whether a property is or will be mapped into a high-risk flood zone (known as a Special Flood Hazard Area [SFHA] and shown on the flood maps with letters beginning with “A” or “V”) when selling their property. Buildings in these areas are required to carry flood insurance for loans taken through federally regulated or insured lenders. To determine a property’s existing flood risk, the real estate professional can locate the property on the Roswell current effective FIRM. Current effective flood maps can be viewed on-line at FEMA’s Map Service Center by visiting <http://msc.fema.gov> or at [www.roswellgov.com](http://www.roswellgov.com)

### FLOOD RISKS ARE CHANGING: KNOW THE INSURANCE OPTIONS

Some properties will be mapped into high-risk zones where flood insurance is required by most lenders. Flood insurance costs may increase when the map changes reflect this higher risk. The National Flood Insurance Program (NFIP) provides “grandfathering” rules as a potential lower cost option and it allows for transferring of a policy to a new owner. Real estate professionals should refer clients to an insurance agent for a full explanation of insurance options, such as grandfathering and the Preferred Risk Policy.

Other properties will be mapped into low- or moderate-risk zones where flood insurance is optional but recommended. While the risk may be reduced, it is not eliminated. About 25% of all flood claims occur in these zones. The NFIP provides for an easy conversion of an existing policy to a lower-cost Preferred Risk Policy.

### Properties Being Mapped into a High-Risk Flood Zone

It is crucial for both real estate professionals and property owners to know if the property is currently in a low- or moderate-risk area (shown on the flood maps as a “B”, “C”, or “X” zone) and will be mapped into a high-risk zone. As FEMA releases Roswell preliminary flood maps (DFIRMs) for public review, real estate professionals should review them to determine if there will be a change in their clients’ property flood risk and when the change will become effective. Knowing in advance if a property is being mapped into a high-risk flood zone will help avoid possible delays caused when flood insurance is suddenly required at closing. If the buyer is aware of these upcoming changes, they can take advantage of the National Flood Insurance Program’s (NFIP’s) “grandfathering” insurance rule as a lower-cost flood insurance option. Transferring flood insurance policies from current homeowners to new owners at the time of purchase can also keep insurance costs down in some instances.

### Properties Being Mapped out of a High-Risk Flood Zone

Some properties will be mapped out of a high-risk zone and into a moderate or low-risk zone (shown on the new maps as an “X” or shaded “X” zone). Although the federal regulation for the mandatory purchase of insurance may be lifted, it is at the lender's discretion to continue to require coverage. Property owners should be reminded that the risk of flooding is reduced—not eliminated—in these zones. Lower-cost flood insurance is available through the NFIP's Preferred Risk Policy. This impending change in zones could be a key selling point, so it is important for real estate professionals to stay informed about these changes.

### MAPPING MILESTONES

Summer 2011 – Preliminary flood maps released

TBD – Open House Held; Public Review

TBD – Start of [90-day] Public Comment Period [(for filing of appeals and protests)]

Summer 2012\* – New flood maps take effect; new flood insurance requirements also take effect

Visit [www.GeorgiaDFIRM.com](http://www.GeorgiaDFIRM.com) to learn more about the mapping process and where and when meetings may be held

#### For General Information Call

Alice Champagne, CFM

Water Resources Manager

770-641-3707 or by email at [achampagne@roswellgov.com](mailto:achampagne@roswellgov.com)

*\* Date subject to change pending completion of review process*

## What Lender Professionals Need to Know

*Important changes to the Roswell 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.*

### ROSWELL FLOOD MAPS ARE CHANGING

In Summer 2011, the Georgia Department of Natural Resources 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 Fulton 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 twelve 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 Roswell flood risk on a property-by-property basis.

### UNDERSTANDING THE EFFECTS

While the DFIRMs may not become effective for another twelve 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 risk<sup>1</sup>. 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 required<sup>2</sup>. While the 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

---

<sup>1</sup> This requirement also applies when increasing, renewing, or extending a loan.

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

consider maintaining coverage. Many borrowers, through their insurance agent, can easily convert their existing coverage to a lower-cost Preferred Risk Policy.

### 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 officials as the Roswell goes through the remapping process.

Prepare by staying in contact with local officials and periodically visiting the Roswell web site at [www.roswellgov.com](http://www.roswellgov.com). The preliminary maps can be viewed at [www.roswellgov.com](http://www.roswellgov.com) when they are released. The maps will also be available for viewing during regular business hours, by appointment only, at 105 Dobbs Dr, Roswell GA, 30075 once they are released. Questions can be directed to Alice Champagne by calling 770-641-3707 or by email at [achampagne@roswellgov.com](mailto:achampagne@roswellgov.com)

To learn more about flood insurance, visit [www.FloodSmart.gov](http://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](http://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](http://www.fema.gov/library/viewRecord.do?id=2954).

### MAPPING MILESTONES

Summer 2011 – Preliminary flood maps released

TBD – Open House Held; Public Review

TBD – Start of [90-day] Public Comment Period [(for filing of appeals and protests)]

Summer 2012\* – New flood maps take effect; new flood insurance requirements also take effect

Visit [www.GeorgiaDFIRM.com](http://www.GeorgiaDFIRM.com) to learn more about the mapping process and where and when meetings may be held

#### For General Information Call

Alice Champagne, CFM

Water Resources Manager

770-641-3707 or email at [achampagne@roswellgov.com](mailto:achampagne@roswellgov.com)

*\* Date subject to change pending completion of review process*