

# National Flood Examiner

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The National Flood Examiner, the official newsletter of the National Flood Determination Association (NFDA), is published biannually for our members and all other interested parties. For more information about the NFDA or to subscribe to this newsletter, go to the "Contact the NFDA" section of [www.floodassoc.com](http://www.floodassoc.com).

## Letter from the President

"We are a family of five. . . . We have a very small room with a bed and two small dressers that we will offer to you so that you can get back on your feet. You will be welcome at our family table and we'll help you in any way you need, getting a job, reaching family, getting clothes, and whatever else. We don't have much money after the bills are paid, but we'll happily share whatever we can. We don't expect you to pay us, and we won't expect you to leave quickly. It takes time to rebuild and we'll give you that time."

- *One of the thousands of internet postings offering post-Katrina help*

## Dear Members:

Many of us have spent our entire careers working in some way to prevent flood disasters and to protect lives and homes when flooding does occur. It was heartrending to see our friends and neighbors on the Gulf Coast suffer such devastating loss. Thankfully, we all cheer the heroes who emerged – people at all levels of government and business, and the regular folks, like the family in the example above, who went to work to help storm victims. Clearly, Katrina, Rita, and Wilma all affirm the importance of the NFDA's drive to ensure that accurate flood maps are published and accurate determinations are issued. That would help make sure that those who need it will have flood insurance and not be left in the financial mud when the waters recede.

I addressed the issue of map accuracy on behalf of the NFDA during my July 12th testimony before the U.S. House of Representatives Committee on Financial Services. It was an honor to be able to represent our members before Congress, and I am thankful for the assistance I received from other members in preparing for the hearings. Details about the hearings

*Continued on next page*

appear in later articles in this newsletter.

On a more pleasant note, our 2006 Annual Meeting will be held, as usual, at the Hilton Scottsdale Resort & Villas in Arizona on April 9th through 11th. Leila Taha will be coordinating this event for us, and I am grateful for all her hard work to make the Annual Meeting a productive and enjoyable time. I am certainly looking forward to seeing each of you there.

The NFDA will be electing a new Board of Directors this year, and the new officers will assume their roles in early 2006.

I am pleased to announce that the Certification Committee met in August to establish the schedule for the next application cycle to obtain the NFDA's certification. The new schedule and program changes will be released on the NFDA's website [www.floodassoc.com](http://www.floodassoc.com). Companies who receive the NFDA's certification must go through a rigorous examination to verify

that they meet our standards on key criteria: accuracy, business recovery capabilities, life of loan, industry experience, financial viability, training of map research analysts, quality assurance, and record-keeping. Peer and independent auditor reviews validate each applicant company in these areas.

In conclusion, I want to thank you all for the opportunity to serve as your President during the past year. My fellow board members provided tremendous support and made my task much easier. I consider it a privilege to have been able to serve in this capacity.

**Cheryl A. Small, NFDA President**

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## NFDA Testifies Before Congress Regarding Map Mod

On July 12, 2005, Cheryl Small, NFDA President, testified before the U.S. House of Representatives Committee on Financial Services regarding FEMA's Map Modernization initiative.

Ms. Small's testimony reflected both the NFDA's full support for the initiative and our issues with the process being used to update the maps. The three main points Ms. Small discussed were the creation of a stakeholder group for the project, the accuracy of the digitized map data, and the numbering system used for maps and map panels.

First, in discussing the stakeholder group, Ms. Small confirmed that FEMA has excellent working relationships with its mapping partners, including the NFDA. Nevertheless, the NFDA feels strongly that a formal stakeholder group for the Map Mod project should be created and modeled after the Mapping Technical Advisory Council that was instituted by the NFIRA in 1994. The creation of a project stakeholder committee would help ensure that critical issues surrounding the project are heard and properly addressed.

The second area Ms. Small's testimony focused on was the accuracy of the new digitized maps. The NFDA wants to prevent the new maps from simply being digitized versions of the old maps. Issuing new maps based on old data would have a number of negative impacts, most glaringly, a greater flood risk to communities. However, one example illustrates the immediate and tremendous financial burden reissuing new maps with

old data would result in for homeowners, the flood zone determination industry, and mortgage lenders: If FEMA fails to re-validate existing Letters of Map Amendment (LOMAs), homeowners who rightly thought they were exempt from the mandatory flood insurance requirement – based on the old maps – may need to purchase insurance until the re-validation letter is received.

Updating the flood maps, particularly in high growth areas, requires a full study, including engineering, surveying, hydrology, and hydraulics. This process requires more time and investment than is currently allocated for by the project. The NFDA is worried that insufficient analysis is being undertaken and accuracy will be sacrificed simply to meet project deadlines.

The third issue Ms. Small spoke about surrounds the numbering system for maps and map panels. Currently, the systems used by lenders, insurers, and flood data providers are set up to recognize FEMA's map numbering system. However, several states that are in the process of remapping have created their own unique numbering systems. Ms. Small testified that conflicting numbering systems could slow down the closing of real estate transactions in those states. To prevent this from happening, it is vital that the flood determination industry be included as changes are made to map numbering systems.

The complete testimony can be obtained from the NFDA website [www.floodassoc.com](http://www.floodassoc.com) in the Members Only section.



NOVEMBER II 2005

# Legislative Report from the Capitol

Meredith R. Inderfurth, *Washington Liaison*

## Legislative Effects of Hurricane Katrina

When Congress left for recess in August, the most important business awaiting its return on September 6th was the appropriations bills, since the new fiscal year would start on October 1st. Clearly, the legislative agenda changed due to the massive damage caused by Hurricane Katrina, and then exacerbated by Hurricanes Rita and Wilma following closely thereafter.

During September and October, consideration of a host of aspects of hurricane recovery was a dominant feature of the Congressional agenda. Along the way, considerable progress was made on the regular appropriations bills including appropriations for the Department of Homeland Security (now signed into law) and supplemental appropriations for disaster relief.

## Hurricane Related Hearings

Hearings on all aspects of post-hurricane recovery, rebuilding, and mitigation are continuing on Capitol Hill in multiple committees with varying jurisdiction over the issues involved. So many legislative proposals have been introduced that it has been difficult to keep track of them. Numerous hearings have been held to explore the issues and their inter-relationships. Committees are now sorting out which issues must be addressed in the short term and which can be reserved for further evaluation in the next Congressional session beginning in January.

The Senate Banking Committee held a hearing on the future solvency of the National Flood Insurance Program on October 18th. Interestingly, most of the non-governmental witnesses recommended some form of expansion of flood insurance coverage to include areas subject to catastrophic loss despite having low probability of flooding. Testimony was presented by:

- David Maurstad, Acting Director of Mitigation and Insurance, FEMA
- William Jenkins, Government Accountability Office (GAO)
- Robert Hunter, Director of Insurance for the Consumer Federation of America
- Dr. Chris Landsea, National Oceanic and Atmospheric Administration (NOAA)
- Doug Elliott, Center on Federal Financial Institutions
- Robert Hartwig, Insurance Information Institute
- Chad Berginnis, Association of State

### Floodplain Managers

- Professor Mark Browne, University of Wisconsin.

The House Financial Services Committee held hearings in September on the effect of the hurricanes on the financial services industry and on emergency housing needs. The Committee also received a briefing by insurance industry representatives which included considerable discussion of the difficulties for adjusters in dealing with both regular homeowners' insurance and flood insurance. On October 20th, the Housing Subcommittee held an oversight hearing on the National Flood Insurance Program and reform proposals. Congressmen Gene Taylor (D-MS) and Richard Baker (R-LA) each testified on their observations and proposals. Mr. Maurstad and Mr. Jenkins also presented testimony. Mr. Jenkins summarized the results of the GAO Report released on October 18th when he testified in the Senate Banking Committee.

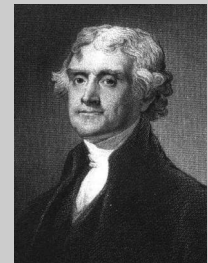
### WANT TO KNOW MORE?

Get legislative information online through THOMAS at the Library of Congress at <http://thomas.loc.gov>.

For full summary or text information on bills, type in the bill number.

For committee reports, click on "committee reports."

For Congressional hearing testimony, click on either House or Senate Committees, click on the Committee name and then click on either "hearings" or "schedule."



## Bills, Bills, Bills

A tremendous number of bills have been introduced, making a full description of all of them impossible. Therefore, we will restrict our discussion to the most interesting ones.

There are several mega-bills which include many aspects of hurricane recovery. Those include the so called “Pelican” bills (S. 1775 and 1776) introduced by Senator Mary Landrieu (D-LA) and Senator David Vitter (R-LA); the Louisiana Recovery Corporation Act (H.R. 4100) introduced by Rep. Richard Baker (R-LA); and a major bill dealing with recovery and poverty issues just introduced by the Congressional Black Caucus. That bill does not yet have a number. Rep. Baker’s bill would establish a federal agency to work with state and local officials to oversee economic stabilization and redevelopment.

A number of bills have been introduced to establish commissions or task forces. Also, a number of bills have been introduced to investigate and oversee contract awards and expenditures by FEMA in the hurricane affected areas. Bills are also in progress to provide various forms of tax relief to hurricane victims and to provide business incentives. There are also many bills addressing levee reconstruction and level of protection.

Rep. Bobby Jindal (R-LA) introduced H.R. 3786 (in addition to several other bills) which makes adjustments to the Stafford Act (disaster relief) and raises the cap on repair expenditures. Rep. Gene Taylor (D-MS) introduced H.R. 3922 which is being referred to as the “buy-in” bill. A similar bill was introduced by Senator Trent Lott (R-MS) in the Senate. It would allow purchase of flood insurance with a payment of 10 years prior

## CHECK OUT THESE IMPORTANT WEBSITES

**[www.floodmaps.fema.gov](http://www.floodmaps.fema.gov)** Michael Baker Corporation’s site to track the status of flood studies and management reports including the Multi-Hazard Implementation Plan. This site is for use by those actively engaged in flood hazard mapping maintenance and updates.

**<http://hazards.fema.gov>** The site for FEMA’s Multi-Hazard Information Platform. The MOD staff welcomes comments on their website as well as comments on any aspect of their work or ideas for better coordination with stakeholders. Email your ideas and suggestions to the Community and Stakeholder Engagement (CASE) Integrated Program Team at [CASE@mapmodteam.com](mailto:CASE@mapmodteam.com).

premiums to come from the claim settlement. This would be accompanied by a requirement to maintain flood insurance on the property. Rep. Charles Pickering (R-MS) is developing legislation which would provide a one-time payment to those who sustained losses but were not in a mapped floodplain and would also require those assistance recipients to purchase flood insurance and maintain it for the life of the property. Senator Jack Reed (D-RI) is developing legislation to require that flood maps show “residual risk” areas – areas subject to storm surge, to levee breaches or overtopping, and to dam breaks. His bill would provide additional mapping funds for this purpose. His bill would also reinstate the Technical Map Advisory Council.

## Legislative Action Regarding Katrina, Rita, & Wilma

With only two weeks of legislative activity remaining before the Thanksgiving break, committees are focusing on sifting through all the various proposals and developing legislative packages. Both the House Financial Services Committee’s Subcommittee on Housing and the Senate Banking Committee are working

on reforms to the flood insurance program. These would likely be attached to another piece of legislation such as the latest supplemental appropriations request or the bill increasing Treasury borrowing authority for the NFIP. (Both committees are in the process of advancing legislation to increase the borrowing authority by \$5 billion to a total of \$8.5 billion.) Rep. Baker’s Louisiana Recovery Corporation Act is scheduled for committee action in early December. At this point, Senate Majority Leader Bill Frist is maintaining that he will adjourn the Senate for the session by Thanksgiving. The House leadership plans to continue working into December.

## Flood Insurance Issues on the Table

NFDA members should be aware of several NFIP related issues which have developed:

1. Advisory maps are being issued by FEMA for the hurricane affected areas. The Mississippi information is already available and the maps will officially become “recovery maps” on November 15th. FEMA has indicated that the new eleva-

tions will be required to be used in conjunction with receipt of any federal assistance. However, the regular map adoption process will take up to a year. This could mean that considerable rebuilding could take place without regard to new risk information.

2. Building permits must be issued in large numbers in the disaster zones, but localities do not have the resources to pay the regular salaries of permitting officials. At present, FEMA may provide funds for overtime pay, but not for base pay.
3. Expanding mandatory NFIP coverage to areas in the 500-year floodplain, areas subject to storm surge, areas mapped as protected by levees, and to areas downstream from dams is under discussion. These areas have a low probability of flooding but a high risk of catastrophic loss should flooding occur. Flood insurance would provide much better assistance in the event of catastrophic loss and would also ensure that those living and working in these areas would have more awareness of their risk.
4. Mapping those residual risk areas would be necessary and funds for this purpose would have to be provided, since the regular Map Modernization Initiative could not absorb such a large additional task.
5. Vacation homes and perhaps other categories of homes (i.e. repetitive loss properties) could be charged actuarial rates.
6. Retroactive "buy in" of insurance with payment of a number of years of prior premiums has been proposed for those disaster victims not in a mapped floodplain. There is concern about the precedent which could be established even if it were stated that this is a one-time solution.

## DHS Appropriations Activity

In general, appropriations bills are further

along in the process now than has been the case for a number of years. The Department of Homeland Security appropriations bill for Fiscal Year 2006 (H.R. 2360) was signed into law on October 20th. Reports accompanying the bill are H. Rept. 109-79 and S. Rept. 109-83.

## Map Modernization Appropriation

The Map Modernization Initiative is fully funded at \$200 million. The House Committee Report did include language on the issue of actual map updates stating:

"The Committee understands that this 5 year, \$1 billion program will not update all flood maps; some maps will merely be converted to a digital format. The Committee is concerned that this program was originally portrayed as a means to update all of the Nation's flood maps. Because this is not the case, the Committee directs EP& R (FEMA) to provide a report, no later than January 16, 2006, on the percentage of maps that will be updated, not merely transferred to a digital format, and the percentage of population that the updated maps cover."

## Appropriations for Other Programs

Pre-Disaster Mitigation grants were funded at \$50 million although the bud-

get request was for \$150 million. In addition, the new programs authorized in June 2004 to provide mitigation for repetitive flood loss properties were fully funded at \$99 million. The Administration had only requested \$28 million. There had been some concern on the Senate side about the National Flood Insurance Fund's ability to repay funds it may borrow from the Treasury during times when losses are heavy. However, the costs of the three major hurricanes of 2005 made that concern recede in importance. Repetitive loss claims are responsible for an estimated annual drain on the National Flood Insurance Fund of about \$200 million.

## Flood Map Modernization Hearing

During July, the House Financial Services Committee's Subcommittee on Housing and Community Opportunity held a hearing on FEMA's Flood Map Modernization initiative. The hearing was entitled "Flood Map Modernization and the Future of the National Flood Insurance Program." Cheryl Small, NFDA President, testified for the NFDA. Other witnesses who testified were:

- David Maurstad, Acting Director of Mitigation and Insurance, FEMA

**"Retroactive "buy in" of insurance with payment of a number of years of prior premiums has been proposed for those disaster victims not in a mapped floodplain. There is concern about the precedent which could be established even if it were stated that this is a one-time solution."**

- William Jenkins, Government Accountability Office (GAO)
- Michael Bullock, President, Intermap Federal Services, Inc.
- Scott K. Edelman, President, Watershed Concepts
- James R. Williams, Co-Chair, Mapping and Engineering Standards Committee, Association of State Floodplain Managers, Inc.

### Hearing Summary for Panel I

Mr. Maurstad provided the testimony for Panel I of the hearings. After his testimony, Subcommittee members posed a number of questions including:

- How many properties flood, but are not in a SFHA?
- Is flood insurance intended to restore property to its pre-flood condition?
- How has FEMA responded to the consumer complaints after Hurricane Isabel involving insurance adjusters?
- What are you doing to make sure that when FEMA is done with an area, it has good updated maps?
- Is enough money being provided for this map modernization initiative?
- Is there a need for comprehensive remapping in all areas?
- Can we expect surprises about who is now in flood hazard areas? What kind of public participation/public information/planning efforts are being undertaken by FEMA to get the word out?
- Are flood maps useful for first responders?
- Can you say how many more will need or not need flood insurance as a result of Map Mod?
- Will there be some mapping companies saying your methods are good and others

saying you are just using the old methods and digitizing?

- Do you have information on how much is being invested in the different states?
- Can you provide information on state by state progress on Map Mod?

### Hearing Summary for Panel II

Panel II hearings included the following testimony:

Ms. Small's testimony focused on the importance of producing quality map updates and not just digitizing existing flood maps. Ms. Small discussed the need for adjustment in the quantitative standards by which the map modernization is being evaluated given that the initiative is "more complex, extensive, and costly than originally estimated." She then discussed the technical mapping meetings between the NFDA, the National Service Provider (NSP), and FEMA representatives, and called for the establishment of a stakeholder advisory group. The NFDA testimony also suggested that more recommendations could be made after the first large issuance of "new" maps in September, 2005.

Mr. Jenkins of the GAO said that FEMA's management of the Performance Based Contract is a major challenge. He said there is a significant staff shortage at FEMA – especially among those with the skills needed for success in this endeavor.

Mr. Bullock of Intermap talked about the great need for better topographic data, and he called for a national data assessment. He acknowledged that although the Map Mod initiative now has a policy to match the flood maps to the "best available topo," that topo data, usually from USGS, is a quilt work of random dates ranging from 1940 to 1990.

Mr. Edelman of Watershed Concepts said that accurate data is needed to keep flood costs down. Development can increase water risk by plus 10 feet. He said there should be pilot studies to see what is best to do within the budget limits.

Mr. Williams of the Association of State Floodplain Managers talked about map quality, about the scope of mapping needs, about the need to utilize data contributions from state and local partners,

## TOOTING OUR OWN HORN

Really, floodassoc.com is that good. We're business people just like you, and we understand that getting insightful, up-to-date information about the flood determination industry can be the difference between a success and a failure for a company.

And although we can include some of the information you need in this newsletter, the really nitty-gritty stuff lives on our website. Things like legal case information, minutes from NFDA-MOD Team meetings, and detailed presentation documents to help you understand exactly what is going on in the industry and government agencies.

But it's only for NFDA members. So if you haven't already – join! Go to floodassoc.com to find out how.

about the need for FEMA to communicate with and provide training to stakeholders, and about map maintenance after the initial period of floodplain map modernization.

The questions following the testimony placed considerable focus on the need for better topographic data. Mr. Bullock was making the case that Intermap could provide such data and license access at a rea-

The NFDA has commented on those recommendations and NFDA President Cheryl Small met with House and Senate staff members in mid-July to discuss the recommendations. Based on comments received from the NFDA, ASFPM and others, the House bill did not include any of those controversial provisions concerning flood insurance. However, the House bill does include the following three recommendations:

- Streamline and simplify flood insurance requirements and allow exceptions to flood insurance requirements for agricultural real estate where the value of most of the collateral is represented by land rather than permanent structures.

**“The committee is concerned that this Map Mod program was originally portrayed as a means to update all of the Nation’s flood maps...this is not the case.”**

sonable cost. Others – Mr. Edelman, Ms. Small, and Mr. Williams – pointed out the difference between flood risk mapping and topographic mapping. There was also discussion of the need for better coordination with state and local governments and the need to use new and better incentives to draw in new data and to get localities to contribute to acquiring better local data.

### **Regulatory Relief for the Financial Services Industry**

The House and Senate banking committees are working on major regulatory relief legislation for financial institutions. The House Financial Services Committee dropped its bill (H.R. 3505) in the “hopper” on July 28th and is scheduled to mark it up on November 16th. The Senate Banking Committee is moving on its version as well.

Some regulators had made recommendations which would affect the NFIP.

- Increase the maximum dollar amount to qualify for the “small loan” exception to the mandatory purchase requirement and adjust the maximum loan amount periodically based on the Consumer Price Index.
- Eliminate the 15-day gap between the 30-day grace period during which flood insurance coverage continues after policy expiration before a lender can purchase insurance on a borrower’s behalf.
- Provide discretion to lending regulators on imposition of civil money penalties in findings of patterns or practices of violations of flood insurance requirements.

The Senate Banking Committee is also considering the following:

- Permit lenders to use information provided by licensed surveyors on properties being in or out of a flood zone if a Flood Insurance Rate Map (FIRM) is more than 10 years old.

### **Flood Insurance Field Hearing**

The House Financial Services Committee’s Subcommittee on Housing and Community Opportunity held a field hearing on August 17th in New Philadelphia, Ohio. New Philadelphia is in the Congressional District represented by Subcommittee Chairman Bob Ney (R-OH). The focus of that hearing was “A Look at the National Flood Insurance Program: Is Ohio Ready for a Flood?” In addition to FEMA’s David Maurstad, those testifying included a range of state and local officials and legislators from Ohio.

### **Fannie and Freddie**

The House Financial Services Committee’s bill reforming Fannie Mae and Freddie Mac, H.R. 1461, the Federal Housing Finance Reform Act of 2005, passed the House on October 26th and was referred to the Senate Banking Committee on October 31st.

The Senate Banking Committee devoted considerable time and attention

#### **LOSE SOMETHING?**

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to developing its provisions. The Senate Banking Committee reported out the Federal Housing Enterprise Regulatory Reform Act of 2005 (S. 190) on July 28th. The bill was introduced by Senator Chuck Hagel (R-NE) and establishes an independent Federal Housing Enterprise Regulatory Agency which would have authority over the Federal Home Loan Bank Finance Corporation, the Federal Home Loan Banks, Fannie Mae, Freddie Mac, and the Federal Housing Enterprise Board. The bill would abolish the Federal Housing Finance Board.

### **Disaster Assistance**

Two bills were reported out of the Emergency Management Subcommittee of the House Transportation and Infrastructure Committee on July 14th. The first bill is H.R. 2338, the Rural Disaster Assistance Fairness Act, introduced by Rep. Barbara Cubin (R- WY). The measure created a Small State Advocate office within FEMA. The second bill is H.R. 3208, the Disaster Relief Equity Act, introduced by Rep. Bobby Jindal (R-LA). The measure clarifies that all private non-profit educational facilities are eligible for federal disaster assistance.

### **Disaster Mitigation**

The Congress passed and the President signed H.R. 804 (Rep. Bobby Jindal R-LA) which clarifies that disaster mitigation

## **WE'RE "JOINERS"**

Here is the latest news on the coalitions of which the NFDA is a member:

**Map Coalition** The Map Coalition recently sent a letter to the Director of the Office of Management and Budget explaining that the scope of mapping needs is probably significantly greater than originally projected. It also explains that the evaluation metric that calls for large percentages of population to be covered by "new" maps in too short a time often has the effect of yielding digitized old data. The Coalition recently met with the OMB's Examiner for FEMA to discuss these matters.

**USGS Coalition** The USGS Coalition has regular meetings with officials of the USGS, the Department of the Interior, and OMB. Capitol Hill staff are periodically invited to meetings as well. The Coalition met with the new Acting Director of USGS, Dr. Patrick Leahy. In September, the Coalition hosted a Congressional reception.

**Hazards Caucus** This caucus has been newly re-invigorated and is developing its agenda. A hurricane briefing on Capitol Hill took place in September, an earthquake briefing was conducted in October, and a coastal flooding briefing was held on November 1st. All have been well attended by Congressional staff.

funds may not be counted as personal income for the purposes of federal means-tested programs such as Medicaid or education loans. A similar bill, S. 1386, was introduced in the Senate by Senator Mel Martinez (R-FL).

### **About FEMA and DHS**

A Second State Review (2SR) was ordered by Department of Homeland Security Secretary Michael Chertoff when he took office this spring. Resulting reorganization plans were announced this summer.

Preparedness functions would be separated from Response and Recovery. Some aspects of the reorganization affecting FEMA and natural disaster programs will require legislative approval. A legislative package has been submitted to the Congress. It appears that FEMA would become more independent and report directly to the DHS Secretary's office. Mitigation programs would remain within FEMA as would the NFIP. Hearings have been held to better evaluate the impacts of the proposed reorganization.

# Insurance Changes for Freddie Mac

Scott Giberson, *First American Flood Data Services*

Effective August 10, 2005, for mortgages sold to and serviced for Freddie Mac secured by properties in the Special Flood Hazard Area, flood insurance coverage will be required in an amount consistent with the regulations arising out of the National Flood Insurance Reform Act of 1994. For 1-4 unit properties, flood insurance must be purchased in an amount at least equal to the lesser of the unpaid balance of the mortgage (or mortgages if there are superior liens), the maximum amount of coverage available from the NFIP, or the building's replacement cost.



Previously, Freddie Mac required insurance on these loans to be at least in an amount equal to 80% of the building's replacement cost (up to the maximum amount available from the NFIP). By requiring 80% of the replacement cost, Freddie Mac was attempting to ensure that any flood claims on the building would be handled without applying depreciation to the building based upon

NFIP rules; however, the inconsistency between Freddie Mac's requirements and the federal regulations created difficulties for lending institutions.

Additionally, Freddie Mac clarified the following issues regarding the handling of FEMA letters, effects of NFIP Program changes, and coverage for condominium units:

- Freddie Mac added FEMA's Letter of Determination Review (LODR) to the list of accepted documents that can be used as a waiver of the flood insurance requirement. A LODR is a statement by FEMA made in response to a joint request by the borrower and the lender in which FEMA declares whether or not the subject building is within the Special Flood Hazard Area on the Flood Insurance Rate Map.
- Freddie Mac now requires that Seller/Serviceicers increase flood coverage on affected loans when a community converts from the NFIP's

Emergency Program to the Regular Program. The higher limits of coverage available in the Regular Program will likely leave the loan underinsured based upon Freddie Mac's requirements.

- For loans on condominium units, Freddie Mac will accept unit owner's coverage to be in the form of an individual insurance policy as an alternative to the condominium owners association's insurance policy.

## IN CASE YOU WERE WONDERING

On November 8, 2005, Freddie Mac issued a Bulletin which revised the September 30, 2005 Bulletin clarifying a question about flood insurance requirements on loans secured by properties damaged by flooding from Hurricanes Katrina and Rita. The November Bulletin declares that flood insurance will not be required on loans secured by buildings that are not in the Special Flood Hazard Area "even though the Seller/Serviceicer is aware that the insurable improvements are exposed to flood risks."

# Say Goodbye to Long LOMA Processing Times

Michael Godesky, FEMA

The usual wait is 30 to 60 days, but soon homeowners could receive a Letter of Map Amendment (LOMA) in the time it takes to enter the required information online. FEMA is developing "eLOMA," an online application that will provide licensed land surveyors and professional engineers with an internet-based system to process straightforward requests for LOMAs. A LOMA is a letter from FEMA stating that an existing structure or parcel of land that has not been elevated by the placement of fill is not expected to be inundated by the 1-percent-chance annual flood (the base flood).

## How Does eLOMA Work?

To receive an eLOMA, licensed professionals will register on FEMA's Multi-hazard Information Platform (MIP) – which is located at [www.hazards.fema.gov](http://www.hazards.fema.gov) – to establish an account. They can then enter property-specific information that they have certified as accurate, and data gleaned from the

FEMA Flood Insurance Rate Maps and Flood Insurance Study Reports. Based on the submitted information, the eLOMA online service will immediately make a determination which users can then print.

An eLOMA will perform the same functions as a standard LOMA. The only difference between the two is that the online determination is made automatically with standard checks and some random audits rather than with the more lengthy manual review given to the LOMA by FEMA staff. Of course, eLOMA supplements rather than replaces the LOMA procedure. The eLOMA is an optional process applicable to only the most straightforward LOMA requests. Currently, there is no charge to receive a LOMA, and eLOMAs also will be free.

## The Future Looks Bright

Rollout for eLOMA is slated for the first quarter of 2006. FEMA will be closely

monitoring the progress of eLOMAs and, if successful, may consider expanding eLOMA capabilities to include:

- On-line applications for LOMRs, LOMR-Fs, etc.
- Receiving application fees for LOMRs, LOMR-Fs, etc.
- Determining the Base Flood Elevation by latitude and longitude, via a Digital Flood Insurance Rate Map (DFIRM) database (there must be enough volume to warrant this change).
- Allowing other individuals or organizations to submit for an eLOMA.

Questions about the new eLOMAs can be directed to the FEMA Map Assistance Center (877-FEMA-MAP).

**Michael Godesky, the Project Engineer for FEMA's Risk Identification Branch, is also the coordinator of FEMA's Letter of Map Change Workgroup.**

## FEMA News Brief



**R. David Paulison Named Acting  
Homeland Security Under  
Secretary/FEMA Head**

September 13, 2005

President Bush has designated R. David Paulison, Administrator of the U.S. Fire Administration, Acting Under Secretary of Homeland Security for Emergency Preparedness and Response and head of the Federal Emergency Management Agency. This follows Michael Brown's September 12th resignation from that position.

Mr. Paulison stated, "I'm honored that President Bush and Secretary Chertoff have entrusted me with this responsibility. It's a job I'm proud to take on. I've committed my life and my career to serving the public." He continued, "We are looking forward. There are people in the Gulf Coast still hurting in shelters and elsewhere, and we are going to take care of them. I'm proud of the fine employees of FEMA standing beside me. They too have dedicated their lives to serving the public. It's a job they don't take lightly and I'm pleased to have such professionals around me as we move forward."

Additional information about Mr. Paulison is available online at [www.fema.gov](http://www.fema.gov).

# Annual Meeting Yields High Return

Vicki Chenault, *First American Flood Data Services*



WOW is all I can say! Attendees at the NFDA annual meeting in Scottsdale last April got a tremendous return on the time they invested. FEMA, the Association of State Floodplain Managers (ASFPM), the American Institutes for Research (AIR), Michael Baker, Jr., Inc., and FHLMC, to name a few of the groups represented, helped ensure the meeting sessions were very informative. Remember, all of the notes, presentations, and other handouts from the meeting are posted on the Association's website at [www.FloodAssoc.com](http://www.FloodAssoc.com).

The NFDA's 2006 annual meeting will be held, once again, in Phoenix, since everyone seems to thoroughly enjoy this venue. The meeting dates are set for Sunday, April 9th through Tuesday, April 11th, 2006 and the meeting will be held at the same property that has hosted us in prior years, the Hilton Scottsdale Resort & Villas. The format of the meeting will follow what we've done in the past, which will include a reception

## ABOUT THE NATIONAL FLOOD DETERMINATION ASSOCIATION

The NFDA is a national nonprofit organization comprised of flood determination companies, their vendors, re-sellers and other industry associates. The NFDA is dedicated to promoting the interests and success of members involved in the making, distributing and reselling of flood zone determinations.



and dinner on Sunday evening, leaving the remaining afternoons and evenings free for other business. In addition, we plan on inviting a number of speakers who will discuss topics of interest and relevance to our industry.

Leila Taha has graciously volunteered to plan this meeting since Beth O'Brien is no longer part of the Association. Remember, this is your meeting. We would love to know about the topics you are interested in and the speakers you would like to hear. Please

feel free to e-mail topics you would like to see discussed to either Leila Taha at [Leila.Taha@nationwide-totalflood.com](mailto:Leila.Taha@nationwide-totalflood.com) or Cheryl Small at [chsmall@firstam.com](mailto:chsmall@firstam.com).

We have, as an industry, certainly had an interesting and challenging year, so I know that this annual meeting will be *especially* worth your time. Detailed information should be forthcoming in the next few months, but for now, mark your calendars and we'll see you all then!

## MORE THAN JUST A PRETTY FACE

If you thought the outside was nice, you will love the meaty Members Only section of [www.floodassoc.com](http://www.floodassoc.com). Log in and get access to:

- Complete minutes from NFDA board meetings discussing the Association's goals and strategies.
- Presentation materials from our Annual Meetings.
- Claim and legal information about key flood cases. Review case summaries that discuss the importance of a decision along with detailed legal documents.
- Multi-state contact list of attorneys with proven flood related experience.

But it's only for NFDA members. So if you haven't already – join! Go to [www.floodassoc.com](http://www.floodassoc.com) to find out how



**The National Flood Determination Association**

c/o Joseph Sterling Design

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