



## How will the new FEMA Flood Zone map affect my Cape Cod Home?

In June 2013 the Federal Emergency Management Agency (FEMA) published a new map of Flood Zones for areas around the country. The new map reflected better data about the effects of waves, storms, and other flooding events. Many homes close to coastal areas and rivers were affected: their projected risk to flooding was increased.

Here are some answers to frequently asked questions:

**Q. What relief, if any, will property-owners have if they are re-mapped up into a higher risk zone than they were in before?**

**A1.** If re-mapped up from an AE to a VE flood zone: Affected property owners should be sure that they are “grandfathered” into the AE risk zone. Check this web page for more info:

<http://www.floodsmart.gov/floodsmart/pdfs/Grandfathering+Fact+Sheet+for+Agents-2010.pdf>

**A2.** If re-mapped up from an X zone (low to moderate risk, “not in a flood zone”) into a Special Flood Hazard Area (AE or VE): Affected property owners may be able to take advantage of the FEMA Extended Preferred Risk policy that took effect on Jan. 1, 2011, and thereafter be “grandfathered” (locked into the lower risk rate that you were previously in). Besides offering cost savings during the first two years after the new maps become effective, it is our understanding that the Preferred Risk Policy extension offers the simplest route into grandfathering. See questions on the Preferred Risk Policy Extension, also on Grandfathering, below. And see the FEMA Extended Preferred Risk Policy – Jan 2011 letter from FEMA, which details some limitations to eligibility for the Preferred Risk Policy, also a PRP Community Factsheet, dated November 2012, distributed to us by Congressman Keating’s office. If not eligible for the new extended Preferred Risk policy, you may still be able to be grandfathered under the regular FEMA grandfathering rules to lock into the lower risk rate for which you previously qualified.

**A3.** If you believe that your structure is not in a flood zone, you always have the option of requesting a review by FEMA, through the LOMA (Letter of Map Amendment) application process.

**Q. For properties that are re-mapped up, will there be major consequences?**

**A.** Yes. For structures that are re-mapped up from the X zone into a Special Flood Hazard Area (SFHA—AE & VE zones), flood insurance will now be required by banks or other holders of federally regulated or insured mortgages. Flood insurance is federally mandated for all structures that are located in an AE or VE flood zone. The higher the risk rate (AE is higher than X; VE is higher than AE), the higher the premium. For structures mapped up from AE into VE, premiums will jump to a higher level.

**Q. If I do not currently have flood insurance, and am re-mapped up from X to AE or VE, but I have no federally regulated or insured mortgage and do not anticipate ever getting or wanting a federally regulated or insured mortgage or reverse mortgage, will I be forced to get flood insurance even if I do not want to?**

**A.** No, to the best of our knowledge, under those circumstances no one will force you to get flood insurance. If you have no mortgage, and do not anticipate ever wanting to get a mortgage, including a reverse mortgage, and do not want to be able to sell the house as locked in to the lower risk rate, then you can decide freely whether or not to get flood insurance. You can decide for yourself the level of flooding risk you can tolerate. You will want to consider this decision carefully, because the window of availability of the extended Preferred Risk policy, and the grandfathering that follows it, is limited. If you change your mind in the future, it will probably be too late.

**Q. I am not in an AE or VE flood hazard zone, but I want to get flood insurance because I am worried about possible water damage not covered under my homeowners policy; or because I am near enough to a flood hazard zone that I worry about a catastrophic flood that could spill over the lines drawn on the map. Can I get flood insurance? What would it cost?**

**A.** Yes, absolutely, you can get flood insurance, and you may be able to get it at the much lower Preferred Risk Rate. The maximum coverage, \$250,000 for the structure and a smaller ceiling for its contents, costs less than \$400/year under the Preferred Risk rate. Coverage for lesser amounts costs somewhat less.

**Q. What if my structure is re-mapped up and I do nothing?**

**A.** You may wind up having to pay for flood insurance at the higher risk rate, even though you would have been entitled to a reduced rate if you had taken action in a timely way.

**Q. How can I know for certain that I will be grandfathered?**

**A.** Keep a copy of any paperwork you have regarding your flood zone risk rate, including any flood insurance policies. If you are able to take advantage of the Preferred Risk rate, you will notice, when your Preferred Risk period comes to an end and your policy comes up for renewal, that the difference between the new higher risk rate, and the old lower risk rate shown on your old paperwork, will show that you have been re-mapped into a higher risk zone. That is all that is required to show that you should be grandfathered. It is our understanding that you will NOT receive a notice stating that you will be grandfathered. You will want to get confirmation of some sort that you will be/are being grandfathered, probably from your insurance agent.

**Q. Does grandfathering end when I sell or convey my property?**

**A.** No. The grandfathering runs with the property. As long as federal flood insurance is kept continually in place on the structure, with no break in coverage, the grandfathered lower risk rate remains intact. You can sell or convey the property with the lower risk rate.

**Q. Is my grandfathered lower risk rate jeopardized if I change insurance carriers?**

**A.** No. The grandfathering runs with the property. So long as you keep federal flood insurance continually in place on the structure, with no break in coverage, the grandfathered lower risk rate remains intact.

**Q. My insurance agent has never heard of grandfathering of flood insurance risk rates. What should I do?**

**A.** Ask them if they participate in the FEMA Write Your Own Program (WYO). If not, check with other insurance agencies to find one that does participate in the FEMA WYO Program.

FOR MORE INFORMATION PLEASE CHECK <http://www.floodsmart.gov>