

Flood Maps are Changing...

What Real Estate Agents Should Know



Mississippi coastal counties will soon enter a new era.

The Mississippi Coastal Flood Study, undertaken by the Federal Emergency Management Agency (FEMA) and the State of Mississippi, is nearing completion. This in-depth, large-scale study to re-examine flood hazards and related risks in the coastal counties will result in new Digital Flood Insurance Rate Maps (DFIRMs) that will reflect current flood risks, replacing maps that are up to 25 years old. As a result, property owners throughout Hancock, Harrison and Jackson Counties will have up-to-date, reliable and Internet-accessible information about their flood risk—on a property-by-property basis. Some residents and business owners will learn that their flood risk is higher—or lower—than they thought. As a real estate agent, you should inform your clients of any factors that may affect property such as the flood zone in which the property is currently located as well as any pending change to that zone.

In addition to showing the region's current flood risks, the new maps are much easier to use than the old paper maps. They will be available on the Web with easy access for locating property of interest. Buyers whose home or business will be mapped into an area of high risk can save on flood insurance before new maps become effective through the National Flood Insurance Program's (NFIP) "grandfathering" provision.

As a Listing Agent, Check the Risk Level

Home sellers and their agents should always make it a point to disclose to a prospective buyer if the property is now, or will be, mapped in a high-risk flood zone (known as a Special Flood Hazard Area, or SFHA). To help determine that, they can locate their property on the preliminary DFIRMs that will be available for review later this year. Information about how to use the flood maps is also available on the website. The Flood Risks and Flood Zones chart on the next page describes what the various flood zones mean.

Tell Buyers About Flood Insurance Requirements

Buyers also need to be made aware of any upcoming changes in flood risk status and the flood insurance requirements associated with a property. When the new maps are adopted, flood insurance requirements will change. However, many property owners can save if they purchase their insurance prior to map adoption. Additionally, current owners can transfer the policy to new owners at the time of purchase. This process is known as "grandfathering." The first chart on the next page gives more details. However, your clients should always consult their insurance agent to determine the best option to protect their property.

Questions, Comments and Protests

Every home and commercial building in Hancock, Harrison and Jackson Counties have some risk of flooding—but the risk varies, sometimes within the same neighborhood, or even the same property. One thing to keep in mind: the new flood maps indicate if the *property* is in a high risk area, not a specific *structure* on the property. In some cases, an owner may feel that the land on which the structure is built is elevated enough to warrant a lower flood insurance rate or a change in zone. If a property owner wishes to contest the new zone or the new BFE, they may file an appeal or protest during a 90-day public comment period following the release of the preliminary maps. More information on this process is available at www.mscoastalmapping.com.

MAP ADOPTION MILESTONES

December 11-13, 2007 — Flood Risk Open Houses.

Mid-January 2008 — Start of 90-day public comment period (for filing appeals and protests).

Spring/Summer 2008* — Review and resolution of appeals and protests. Final flood maps created.

Fall 2008* — Maps adopted; new insurance requirements take effect.

Visit www.mscoastalmapping.com to learn more about the preliminary maps and learn when map changes take effect.

For general information, call the MS Coastal Mapping Call Center at

1-866-816-2804

Open 8:00 a.m. to 4:30 p.m.

Monday through Friday

* Date subject to change pending completion of review process



Flood Insurance Requirements and Options

When the new maps are adopted, flood insurance requirements will change. However, options exist that will allow property owners to save money while still protecting their property.

If Maps Show...	These Requirements, Options and Savings Apply
Change from low or moderate flood risk to high risk	<p>Flood insurance is mandatory. Flood insurance will be federally required for most mortgage holders.¹ Insurance costs may rise to reflect the true (high) risk.</p> <p>“Grandfathering” can offer savings. The National Flood Insurance Program has “grandfathering” rules to recognize policyholders who have built in compliance with the flood map in effect at the time of construction or who maintain continuous coverage. Sometimes, though, using the new flood maps can actually result in a lower premium than by “grandfathering.”</p>
Change from high flood risk to low or moderate risk	<p>Flood insurance is optional but recommended. The risk has only been reduced, not removed. Flood insurance can still be obtained at lower rates. About 25 percent of all flood insurance claims come from low- to moderate-risk areas.</p> <p>Conversion offers savings. An existing policy can be easily converted to a lower-cost Preferred Risk Policy, if the building qualifies.</p>
Increase in the Base Flood Elevation (BFE)	<p>An increase in BFE can result in higher premiums; however, “grandfathering” can offer savings. The National Flood Insurance Program (NFIP) has “grandfathering” rules to recognize policyholders who have built in compliance with the flood map in effect at the time of construction. This could result in significant savings.</p>
No change in risk level	<p>No change in insurance rates. However, this is a good time to review their coverage and ensure that their building and contents are adequately covered.</p>

Flood Risks and Flood Zones

Flood maps refer to areas of high, medium or low risk as “flood hazard zones” and the zones of highest risk as “Special Flood Hazard Areas.

Risk Level	Flood Hazard Zone
High Flood Risk	<p>AE, A, AH or AO Zone. These properties have a one percent chance of flooding in any year — and a 26 percent chance of flooding over the life of a 30-year mortgage.</p> <p>VE Zone. These properties have a one percent chance of flooding in any year and also face hazards associated with coastal storm waves.</p> <p>Insurance note: High-risk areas are called “special flood hazard areas and flood insurance is mandatory for most mortgage holders.</p>
Low or Moderate Flood Risk	<p>Shaded X Zone. These properties are outside the high-risk zones. The risk is reduced but not removed.</p> <p>Unshaded X Zone. These properties are in an area of overall lower risk.</p> <p>Insurance note: Lower-cost preferred rate flood insurance policies (known as Preferred Risk Policies) are often an option in these areas.</p>

¹ Required for loans provided by federally regulated lenders as well as government-sponsored enterprises such as Freddie Mac and Fannie Mae. Note that flood insurance can be required by a lender even if the building is located outside of a high-risk area.