FLOOD INSURANCE

NATIONAL FLOOD INSURANCE PROGRAM

The City of Tuscaloosa participates in the National Flood Insurance Program (NFIP). The NFIP makes federally backed flood insurance available for all eligible buildings, whether they are in a floodplain or not. Flood insurance covers direct loss caused by overbank flooding, flash flooding and surface flooding (e.g., intense rain saturates a local drainage system).

The NFIP insures buildings, including mobile homes, with two types of coverage: building and contents. Building coverage is for the walls, floors, insulation, furnace and other items permanently attached to the structure. Contents coverage may be purchased separately provided the contents are in an insurable building.

Homeowner's insurance policies do not cover damage from flooding. For newly acquired policies there is typically a 30-day waiting period before they become effective. Check with your insurance agent to make sure you understand how your flood policy works.

MANDATORY PURCHASE REQUIREMENT

The mandatory purchase requirement applies to all forms of federal or federally related financial assistance for buildings located in a Federal Emergency Management Agency (FEMA) designated Special Flood Hazard Area (SFHA). This requirement affects loans and grants for the purchase, construction, repair or improvement of any publicly or privately owned building in the SFHA, including machinery, equipment, fixtures and furnishings contained in such buildings.

Financial assistance programs affected include loans and grants from agencies such as the Department of Veterans Affairs, Farmers Home Administration, Federal Housing Administration, Small Business Administration and FEMA. The requirement also applies to secured mortgage loans from financial institutions such as commercial lenders; savings and loan associations; savings banks; and credit unions that are regulated, supervised or insured by federal agencies such as the Federal Deposit Insurance Corporation and the Office of Thrift Supervision. It also applies to all mortgage loans purchased by Fannie Mae or Freddie Mac in the secondary mortgage market.

For more information, visit FloodSmart.gov or FEMA.gov/flood-insurance.

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HOW IT WORKS

Before a person can receive a loan or other financial assistance from one of the affected agencies or lenders, there must be a check to see if the building is in an SFHA. The SFHA is the base (1 percent annual chance) floodplain, also known as the "100-year flood," mapped on a FEMA Flood Insurance Rate Map (FIRM). It is shown as one of more zones that begin with the letter "A."

Copies of the FIRM can be viewed at FEMA.gov. They are also available for review at the Office of the Tuscaloosa City Engineer located at 2201 University Boulevard. Many lenders and insurance agents also have copies. It is the agency's or the lender's responsibility to check the FIRM to determine if the building is in an SFHA, although the City of Tuscaloosa can provide assistance.

If the building is in an SFHA, the Federal agency or lender is required by law to require the recipient to purchase a flood insurance policy on the building. Federal regulations require building coverage equal to the amount of the loan (excluding appraised value of the land) or the maximum amount available for single-family residence is $250,000. Government-sponsored enterprises, such as Freddie Mac and Fannie Mae, have stricter requirements.

The mandatory purchase requirement does not affect loans or financial assistance for items that are not covered by a flood insurance policy such as vehicles, business expenses, landscaping and vacant lots. It does not affect loans for buildings that are not in the SFHA, even though a portion of the lot may be flood prone. While not mandated by law, a lender may require a flood insurance policy for a property in any zone on a FIRM. In fact, about 20 percent of all flood insurance claims occur in areas not located in the SFHA. Accordingly, FEMA encourages the purchase of flood insurance coverage outside the SFHA and offers preferred risk policies at affordable rates.

Individuals who believe their property has been incorrectly shown in an SFHA can apply for a Letter of Map Amendment (LOMA) or a Letter of Map Revision - based on Fill (LOMR-F) (if fill placement is the basis of the request). In addition, property owners may apply for a Letter of Determination Review (LODR).

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