



September 17, 2013

NFIP Changes Beginning October 1: Part 1

FEMA to Eliminate an Exception to the 30-day Waiting Period for Flood Coverage

For the past several months, this October 1 has been marked as a significant day in terms of the implementation of rate changes arising out of the passage of BW 12. In addition to these rate changes, FEMA announced [other changes to the NFIP](#) to become effective October 1. Given the significance of certain changes, we will be distributing a multi-part alert over the next few weeks in advance of October 1, each part to highlight a different aspect of the changes.

For part one, we want to remind you of an administrative change being made by FEMA that we previously [announced](#) to you. Effective October 1, FEMA is eliminating the exception to the 30-day waiting period for lender-required flood insurance policies outside of a loan transaction or a flood map revision.

Current law requires a 30-day waiting period before purchased coverage goes into effect for an NFIP flood insurance policy with a few exceptions. The 30-day waiting period is waived for the initial purchase of flood insurance in connection with the making, increasing, extending, or renewing of a loan, and there is only a 1-day waiting period for the initial purchase of flood insurance during the 13-month period following a flood map revision. More recently, pursuant to BW 12, the 30-day waiting period may be waived for the initial purchase of flood insurance for certain properties affected by flooding on Federal land due to post-wildfire conditions (see recent NFIP bulletin [W-13053](#) for more information).

FEMA previously interpreted the 30-day exception for initial policy purchases to also apply to any lender-required policies even when not associated with a loan transaction or map revision. For example, if a lender acquired a loan from another institution and then determined that the property was in the Special Flood Hazard Area (SFHA) but flood insurance was not in place, then the 30-day waiting period would not apply to an NFIP policy purchased by the borrower. Yet, beginning October 1, for such cases when a lender requires flood insurance outside of a loan transaction or a flood map revision, there will be a 30-day waiting period for a flood policy to go into effect.

The second part of our *Industry Alert* on NFIP Changes Beginning October 1 will provide more focus on the phase out of subsidies for pre-FIRM structures pursuant to Section 205 of BW 12. The removal of subsidies will likely be among the topics discussed in an upcoming [hearing](#) in the Senate Banking Committee this Wednesday. Some groups have petitioned Congress to take action to delay the removal of these subsidies, however, to this point, the October 1 rate changes appear imminent.

To follow more activity related to BW 12, you may like to review the *CoreLogic® Guide to BW 12* which is available through our Flood Services [website](#) and which can be used as a resource to track the overall implementation of BW 12, including the guidance and instructions issued by FEMA applicable to the changes coming in October.

Feel free to forward this alert to colleagues who may be interested in receiving this information, or who would like to [sign up](#) for future *Industry Alerts*.

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