



May 9, 2014

## Flood Updates

### Standard Flood Hazard Determination Form

FEMA released bulletin [W-14022](#) to inform users of the Standard Flood Hazard Determination Form (SFHDF) that a property's parcel number will remain an optional collateral identifier. The current version of the SFHDF expires on May 30, 2015. We will be monitoring regulatory activity in advance of this date in the event future changes are proposed to the form.

### Increase in Coverage Limits for Multifamily Buildings

Among the [NFIP changes](#) effective June 1, 2014, the maximum flood insurance coverage limits for other- residential/multifamily buildings will increase from \$250,000 to \$500,000. Affected policyholders should have received a [letter](#) informing them of the availability of the increased coverage amounts ([FEMA Bulletin W-13070](#)). The Federal Lending Regulatory Agencies are expected to issue guidance with respect to implications on applicable loans subject to the mandatory purchase requirement. Fannie Mae Multifamily issued guidance to its servicers stating that servicers may need to require additional coverage on certain loans, based on criteria in the guidance, but such increase would not be required until the policy renewal that occurs after June 1, 2014 (Fannie Mae Multifamily Mortgage Business Lender Letter 14-04). According to the NFIP, "other residential" is a property classification which includes all multi-family residential occupancy buildings that have 5 or more living units, such as apartment buildings, residential cooperative buildings, dormitories, hotels, among others.

### Federal Legislation Introduced on Private Flood Insurance

HR 4558 (the "Flood Insurance Market Parity and Modernization Act of 2014") was introduced in the House last week which would change the definition of "private flood insurance" in the law (Section 100239 of BW 12) to remove several requirements for a private flood insurance policy to be considered as acceptable for a lender under the law. If passed, a private flood insurance policy would be acceptable if the policy (i) provides flood insurance coverage, (ii) is issued by a company licensed in the State or eligible as a nonadmitted insurer, and (iii) is issued by a company that is not disapproved as a surplus lines insurer in the State.

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