



May 30, 2014

Flood Updates

Regulators Issue Guidance on Increased Coverage Limits for Other Residential Buildings

The federal lending regulatory agencies issued [guidance](#) today related to the increased flood insurance coverage limits for other residential buildings beginning June 1, 2014. As you know, among the [NFIP changes](#) effective June 1, the maximum flood insurance coverage limits for other residential/multifamily buildings will increase from \$250,000 to \$500,000. The Agencies' guidance discusses their requirements for supervised institutions with designated loans on other residential buildings. 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, and hotels, among others.

NFIP Changes

Yesterday, FEMA released bulletin [W-14026](#) regarding NFIP flood insurance rate changes for new and renewal policies effective October 1, 2014. According to the bulletin, the rate changes reflect the caps on annual rate increases pursuant to the requirements of Section 5 of the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA). In addition, the bulletin indicates that refunds for policyholders due to the implementation of Sections 3 and 5 of HFIAA will begin in the fall of 2014.

Also, FEMA just released bulletin [W-140027](#) to delay by 30 days until July 1, 2014 the compliance date for large-font NFIP policy documents pursuant to BW 12.

Legislative Updates

A bill has been introduced in the US Senate which would remove several requirements for a private flood insurance policy to be considered as acceptable to a lender to satisfy the mandatory purchase of flood insurance requirements. The bill, S. 2381, is similar to [HR 4558](#) previously introduced in the House.

Legislative activity on the state level continues in Massachusetts around a piece of legislation (Mass. House bill [3783](#)) which would establish a state-level requirement on mortgages made on residential properties in the state. If passed, a lender could not require flood insurance in an amount greater than the outstanding mortgage balance. The bill passed the State's House and is being considered by the Senate.

You may want to consider whether or not these bills, if passed, would impact your business positively or negatively, and work with your government affairs or legal departments, as appropriate.

Hurricane Season Begins

This week is [National Hurricane Preparedness Week](#), which leads into the beginning of the 2014 Atlantic Hurricane Season on June 1. Experts from [FEMA](#) and the [National Weather Service](#) remind us of the importance of being prepared, including protecting homes and personal property with [flood insurance](#).

Feel free to forward this alert to colleagues who may be interested in receiving this information. Individuals may also subscribe to future *Industry Alerts* [here](#).

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