



October 17, 2014

Flood Updates

Premium Refund Process Begins

As discussed in the Summer issue of our [newsletter](#), the NFIP implemented premium refund procedures on October 1 pursuant to HFIAA which required that FEMA restore the subsidized rates for certain pre-FIRM properties which were removed due to BW 12 reforms. As discussed in the NFIP's [bulletin](#) (W-14035), certain owners of pre-FIRM properties who paid non-subsidized rates following BW 12 enactment may be eligible for refunds to the extent the amount paid is in excess of the restored subsidized rates, including owners who first purchased a policy on a pre-FIRM property after BW 12 enactment. Further refund scenarios which may apply to policyholders are described in the bulletin and in this [NFIP fact sheet](#).

October 1, 2014 Changes to Flood Insurance Manual

The revised NFIP [Flood Insurance Manual](#) became effective this month on October 1. Included with the new manual is a [cover memo](#) listing significant revisions. In addition to revised rate tables for use on policies written on or after October 1, other changes include the specification of acceptable documentation for primary residence status which may be a signed and dated statement from the policy applicant when other forms of documentation are not available. "Primary residence" status determines which rate table is utilized for pre-FIRM residential properties as the [annual limitations on premium increases differ](#) between primary and non-primary residential buildings.

NFIP Training Opportunities

The current [NFIP training schedule](#) provides opportunities for insurance agents to register for basic agent training and flood map change training. You may have noticed that the NFIP schedule no longer offers training courses specific to lenders. The FDIC offers a free [training curriculum](#) on flood insurance and we understand other companies or groups may be offering training webinars for a registration fee. For lenders seeking training on flood-related topics, contact your CoreLogic account representative or email us at floodcompliance@corelogic.com to see what training webinar opportunities might be available.

Massachusetts Law Limiting Flood Insurance Coverage

Following up on a previous update in our [newsletter](#), the Governor of Massachusetts signed MA House bill 3783 into [law](#) on July 23. The law goes into effect on November 20, 2014 and, among other things, establishes a state-level requirement prohibiting lenders from requiring flood insurance in an amount greater than the outstanding mortgage balance. The law also requires lenders and insurance producers to provide a disclosure to Massachusetts property owners being required to purchase flood insurance that informs them of the limited protection which the amount of flood insurance being required provides. At this time this disclosure is not made part of the federal Notice of Special Flood Hazards which is required per federal law. We understand that the Massachusetts Division of Banks is considering a model disclosure form and intends to issue guidance on the proposed regulations in the coming weeks. In the meantime, lending institutions making or servicing loans on properties in Massachusetts may want to consult with their legal or compliance departments about whether or not to create a separate standalone disclosure which can be utilized when appropriate beginning November 20. We continue to monitor the state's actions relative to this new law and any resulting requirements.

Preview of New Fannie Mae Servicing Guide

Fannie Mae recently [announced](#) the availability of a preview version of their redesigned Servicing Guide which will become effective during the fourth quarter of 2014. Prior to publication of the redesigned Guide, Fannie Mae has been offering training and feedback opportunities through their [website](#). The website also clarifies that Fannie Mae policy is not changing as a result of the redesign. Flood insurance requirements can be found in Chapter B-3 of the preview Guide.

If you have questions or comments regarding the information shared in this Industry Alert please contact us at floodcompliance@corelogic.com. 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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