CoreLogic

Industry Alert

March 09, 2017

Flood Updates

The 115th U.S. Congress Begins Important Work on NFIP Reauthorization

As stakeholders of the National Flood Insurance Program (NFIP), we have all been preparing for and discussing 2017 for some time. Now, with the new Congress in place, we have the opportunity to inform the Members about the important work to be done to reauthorize the NFIP in advance of the Program's September 30, 2017 expiration. Many of us recall the impact of the Program's expiration in 2010, including delayed or abandoned home loan closings. We are encouraged to see that Congress is beginning its work on the NFIP with hearings this week and next in the House and Senate, respectively, and hope to see Congress pass long-term reauthorization well in advance of the September date. We encourage you to consider working with your government affairs team and your trade groups on reaching out to Congress on this important topic.

In related developments, legislation aimed at encouraging the expansion of the private flood insurance market was introduced in both the House (H.R. 1422) and Senate (S. 563). These bills appear to mirror the Ross-Murphy bill which passed the House during the last session of Congress.

National Flood Conference—Time to Register!
Flood insurance continues to be a focus around the nation. With Congress considering the important topic of the reauthorization of the NFIP, the Regulators considering the public comments regarding private flood insurance rules, and communities rebuilding from recent flooding or preparing for the 2017 hurricane season, you want to be certain that you remain close to discussions that relate to the current and future of the flood insurance and flood mapping programs. No better way than to attend this year's National Flood Conference in Washington D.C. from April 30-May 3.

This year will be even larger than last year's and will give you an opportunity to hear from members of Congress, FEMA officials, and industry experts. The lender track will feature discussions on private flood insurance, compliance challenges, and flood zone discrepancies. CoreLogic's Tom Larsen (Flood Model Architect), Scott Giberson (Flood Compliance), and others, will be participating as speakers or available for meetings for those in attendance. If you plan to attend this year's conference, please email directly to Scott Giberson at sgiberson@corelogic.com to coordinate a meeting.

MBA Features Flood Insurance Compliance at national conference and regional workshops
The MBA National Mortgage Servicing Conference this year included a session titled "Flood

Insurance Compliance Challenges." In this session, the panel tackled some of the challenges facing servicers including proper disclosures, the new escrow requirement, adequate coverage, and loans secured by properties with multiple structures. Sara Singhas, Assistant Director of Public Policy at MBA, who moderated the session invited those interested in the MBA's work around the NFIP to contact her directly at ssinghas@mba.org.

Later this month, lender compliance with federal flood regulations will again be discussed at a training workshop hosted by the Mortgage Bankers Association of Alabama. CoreLogic's Scott Giberson will discuss current issues and challenges facing lenders and servicers, perspectives on the 2017 reauthorization, and a regional view of the progress of FEMA's flood mapping program.

CoreLogic Multiple Structure Indicator

One of the new challenges but also opportunities facing lenders is the operational implementation of the new exemption to the federal mandatory purchase requirement for non-residential detached structures on residential properties. Per the federal regulations (e.g. 12 C.F.R. § 208.25(d)), a lender may elect to not require flood insurance on non-residential detached structures on residential properties at the time of closing a loan although the lender may choose to do so for reasons of safety and soundness, or otherwise. Many lenders believe this will improve the customer experience at origination by alleviating the potential burden of procuring insurance on small structures of nominal value.

Lenders and servicers also recognize that the customer experience during the servicing of the loan may be improved by implementation of this change. To assist lenders with operationalization across their portfolio (e.g. loans being serviced, map changes, acquisitions, transfers), CoreLogic offers its new Multiple Structure Indicator as a way to identify loans for which this exemption may apply. Through the Multiple Structure Indicator, a lender can significantly reduce the time and resources required to determine which designated loans are secured by properties with multiple buildings. We encourage you to contact your CoreLogic account representative or sales contact about Multiple Structure Indicator or call us at 866.774.3282 for more information.

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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