

TOWN OF SOUTHBOROUGH



DEPARTMENT OF PUBLIC WORKS

147 CORDAVILLE ROAD • SOUTHBOROUGH, MASSACHUSETTS 01772-1802 • (508) 485-1210 • FAX (508) 229-4444

March 24, 2011

RE: Flood Insurance Rate Maps Issuance

Dear Southborough Property Owner:

The Town of Southborough Department of Public Works (DPW) wishes to bring to your attention new information regarding the flood plains found within the Town. As you may be aware, the Federal Emergency Management Agency (FEMA) has been conducting an update of Worcester County's Flood Insurance Rate Maps (FIRMS, also known as Flood Zone maps). This process began in 2009, and involved the collection of more accurate topographical data, aerial photography information, and comments from municipalities and residents. In the summer of 2009, draft versions of the FIRMS were released for review and comment. You may have received notice of the opportunity to comment from the DPW at that time, based upon whether your flood hazard risk was increasing on your property. FEMA has responded to all comments received, and has now completed the revision process. FEMA has recently provided final versions of the revised FIRMS to the Town. These revised FIRMS will go into effect on July 4, 2011.

The FIRMS depict areas within the Town that may be affected by 1-percent annual chance (or 100-year) flood events or 0.2-percent annual chance (or 500-year) flood events. Based on a review of the final FIRMS, some portion of your property has been identified as being within a designated flood hazard zone.

Per Federal Law, for structures lying within a 1-percent annual chance (100-year) flood zone, flood insurance is required for all mortgages obtained from a federally regulated lender. If you currently have flood insurance, your rates could change in the near future due to changes in the flood zone risk classification for your property. Alternatively, if you do not currently have flood insurance, you may be required to, or may wish to, obtain coverage in the near future due to these changes. **FEMA does allow for grandfathering of insurance rates when FIRM maps are changed.** We have attached a fact sheet from FEMA that provides some information about Flood Insurance Rates and the grandfathering process. We strongly urge you to examine the new FIRMS and contact your insurance agent and/or mortgage company for further information on flood insurance and its possible necessity for your property. FEMA's grandfathering period for insurance rates only lasts for six (6) months following the effective date of new FIRMS. In the case of Southborough, the grandfathering period would expire by January 4, 2012.

We would like to stress that the Town of Southborough is in no way responsible for the determination of flood zone boundaries or the issuance of the new FIRMS. However, we recognize the financial impact that such changes could have to your property, and we wish to inform you of these changes in advance, so that you may take advantage of the

insurance rate grandfathering options that might be available to you. Further information regarding flood insurance may be found on FEMA's flood planning website: <http://www.floodsmart.gov>. The final version of the FIRMs may be viewed in person at the DPW Office at 147 Cordaville Road, the Conservation Commission office at the Town House, 17 Common Street, or online at <http://www.southboroughtown.com>.

We would like to note that FEMA has recently begun a new, separate round of flood map modernization and updating. This is being done on a watershed basis, rather than the county basis the current FIRMs are based upon. FEMA has chosen to study the entire Concord River watershed, which includes the Town of Southborough. FEMA will be studying the characteristics of the watershed on a more in depth level than the process that has just ended. At a future date, you may be contacted again in order to allow you to examine and comment upon any further changes to the Town's flood zone data.

If you have any questions regarding this information, you may contact me at (508) 485-1210 or at jwoodsmall@southboroughma.com.

Sincerely,

TOWN OF SOUTHBOROUGH
DEPARTMENT OF PUBLIC WORKS



John R. Woodsmall, III, P.E.

Town Engineer

Enclosed: FEMA's Flood Insurance and the Grandfathering Rule

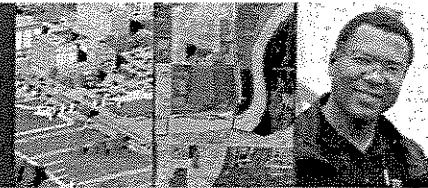
Cc: Southborough Board of Selectmen
Eric Denoncourt, Town Planner
Karen Galligan, Superintendent of Public Works
David Gusmini, Building Inspector
Jean Kitchen, Town Administrator
Paul Pisinski, Public Health Director
Beth Rosenblum, Conservation Administrator

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FEMA



Flood Insurance and the Grandfathering Rule

New Flood Maps; New Insurance Requirements

The Federal Emergency Management Agency's (FEMA's) current nationwide flood hazard remapping effort, Risk Mapping, Assessment, and Planning (Risk MAP), builds on the success of FEMA's Flood Map Modernization program. Risk MAP is updating current flood hazard maps resulting in more accurate Flood Insurance Rate Maps (FIRMs) that reflect current flood risk. During this process, residents and business owners may find that their current flood risk has changed and in some cases a property may be mapped into a lower-risk zone. For others, a property's risk may change from a moderate- or low-risk area to a high-risk area, making flood insurance mandatory by most lenders. Other changes could include a change in high-risk area designation (e.g., from a zone beginning with the letter "A" to a zone beginning with the letter "V") or a change in the Base Flood Elevation (BFE).¹

If a property is mapped into a higher risk zone, or if the BFE changes, the flood insurance premium could increase. Property owners need to understand their options following changes to their community's FIRM. One of their options might be "grandfathering," which is a National Flood Insurance Program (NFIP) rule that was created in order to recognize property owners who carried a policy before the maps became effective or built to the correct standards relative to the flood map in effect at the time of construction. This rule, along with other NFIP rules, can result in significant cost savings to policyholders compared to a potentially higher premium rate that results from a flood map revision.

Low-Cost Policies Extended for Two Years

With past flood hazard map changes, FEMA required a flood insurance policy for properties mapped into a high-risk area to be rated using the new flood risk zone, unless it was grandfathered. One method for property owners to grandfather was to purchase an NFIP low-cost Preferred Risk Policy (PRP) before the new FIRM became effective. At renewal, the

Staying Informed

Knowing when and where map changes are occurring will help you understand what insurance options are available. FEMA provides updated monthly listings of all communities that have received a Letter of Final Determination (LFD), a document that states that a flood risk map will become effective in six months.²

LFD Listings:

http://www.fema.gov/plan/prevent/fhm/st_hot.shtm#2

Risk MAP:

http://www.fema.gov/plan/prevent/fhm/rm_main.shtm

Rating Using the Grandfather Rule:

<http://www.fema.gov/business/nfip/manual.shtm>

Flood Insurance:

<http://www.floodsmart.gov>

Risk MAP
Increasing Resilience Together

policy could be rewritten using standard rates, but would still be based on the grandfathered lower-risk zone.

The resulting premium would typically be lower than using the updated map's higher-risk zone rating, though it would be higher than the previous PRP premium. Recognizing the financial burden that this may place on affected property owners, starting January 1, 2011, FEMA is extending the eligibility to write the PRP for two policy years after an updated flood map's date. Consequently, the ability to grandfather in a flood zone for future rating for a property newly mapped into a high-risk area has been extended for two years.

Pre-FIRM Buildings Have One Opportunity

A pre-FIRM building is one that was constructed prior to the date of the community's first FIRM. In most cases, owners of pre-FIRM buildings have just one opportunity to use the grandfathering rule, which is to purchase a policy before the updated FIRM becomes effective. The exception is a pre-FIRM building that is newly mapped into a high-risk area. If it qualifies for a PRP, the property owner has up to two years from the new map's effective date to purchase a PRP to then grandfather in the lower risk zone for future rating. In either instance, to maintain the grandfathered zone, the policy must stay continuously in effect. Continuity of coverage can be maintained even if the building is sold, as the policy can be assigned to the new owner.

Post-FIRM Buildings Have Two Opportunities

Buildings constructed after the effective date of the initial FIRM (known as post-FIRM structures) have two opportunities to apply the grandfathering rules:

- Purchase a policy before the FIRM becomes effective and lock in the zone or BFE for future rating (as described above for pre-FIRM structures); or
- Purchase after the updated FIRM is effective, but provide evidence that the building was built in compliance with the FIRM in effect at the time of construction (note to grandfather in a flood zone for post-FIRM properties newly mapped into a high-risk area, the two-year extension for PRP eligibility also applies, so this opportunity to grandfather applies after the two-year PRP period).

If a post-FIRM building was constructed in compliance with the FIRM in effect at the time of construction, the owner is eligible to obtain a policy using the zone and the BFE from that FIRM if it results in a lower insurance rate. To do so, the building cannot have been altered in a way that resulted in a floor being lower than the BFE on that FIRM (e.g., enclosing the area below an elevated building) and the building cannot have been substantially improved or damaged.³ The property owner must also provide proper documentation to the insurance company or agent that shows:

- The date of the FIRM
- The flood zone on the FIRM panel in which the property is located
- The BFE, if any, for that zone
- A copy of the map panel showing the location of the building; and
- The rating element that is to be grandfathered; or
- A letter from a community official verifying this information or an Elevation Certificate.

Note that continuous coverage is not required to maintain this rate and this method of grandfathering can be used at any time after the new FIRM becomes effective.

Use the Best Rate

Sometimes using the data based on the new FIRM will provide a better rate than grandfathering. Both options should always be explored, but always use the new map if it will provide a more favorable premium (lower rate).

¹ The height to which floodwater has at least a 1-percent chance of reaching in any given year.

² Assuming that the community passes an ordinance that adopts the new flood maps before the proposed effective date of the map.

³ A structure is considered substantially damaged if the cost of restoring the structure to its before-damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred. Substantially improved refers to any improvement of a structure where the cost equals or exceeds 50 percent of the market value of the structure before the "start of construction" of the improvement.