

January 7, 2010

To the Editor:

As the collective voice of the industry that is dedicated to providing quality flood determination services to lending institutions, the National Flood Determination Association (“NFDA”) is submitting this response to comments made in the article “FEMA’s Flood Insurance Plan Contrary to Proposed Legislation” published on December 18, 2009 regarding flood zone determinations made for federally regulated mortgage lenders. The NFDA was disappointed to read the negative comments made by David Schein of FEMA and looks forward to engaging him and his colleagues in a productive discussion about flood determination company processes, procedures and how they support the regulatory flood compliance requirements that apply to lenders. The flood determination industry is a strong supporter of FEMA’s National Flood Insurance Program and over the years the NFDA has established a positive and productive relationship with FEMA. The NFDA works directly and cooperatively with FEMA officials to identify and resolve issues that arise related to FEMA’s flood mapping program.

Contrary to what was described in the article, NFDA member companies are able to provide accurate flood determinations based upon FEMA’s flood maps. Importantly, lenders may not rely upon surveyors’ flood zone determinations for compliance purposes to the extent that the surveyors do not guarantee the accuracy of the determination. By federal regulation, lenders can only rely upon flood determinations provided on the proper federal form, based solely upon FEMA’s flood map, and with a proper guarantee to protect lenders. If the flood determination states that the insurable building securing the loan is within the Special Flood Hazard Area on the flood map, a lender must require flood insurance on that structure in order to be in compliance with federal requirements. Flood insurance coverage benefits the lenders who hold security risk in these loans, the Federal Treasury which insures the lenders, U.S. taxpayers by reducing the amount of federal disaster assistance extended to flood victims, and individual property owners who obtain flood insurance coverage.

The NFDA recognizes the significance of the flood determinations that our member companies provide to clients and is proud of the high standard of accuracy achieved. NFDA member companies welcome the input of community officials, surveyors, and other interested parties who may have useful building or property-specific information that may assist in the location of a property/structure during the course of completing a flood determination. Not only do NFDA member companies work diligently to ensure that flood determinations are completed accurately, but they also have established processes to address questions or disputes that may arise when a flood zone discrepancy occurs. Often, these discrepancies are quickly and easily resolved.

The NFDA hopes that this clarification related to flood determinations has been informative. Further, the NFDA appreciates the interest that impending flood map changes have raised and recognizes that discussions around flood map adoption, flood risk, and insurance costs will continue into the future, and feel that through the experiences of our member companies the NFDA has a unique ability to offer insight on different aspects of the flood program.

Sincerely,

Leila Taha
NFDA President