

HOW TO HELP YOUR COMMUNITY KEEP ITS NATIONAL FLOOD INSURANCE PROGRAM AND DISASTER ASSISTANCE



In a post-hurricane world, many desire expedited recovery and rebuilding. In some cases local governments may contemplate reducing the impact of regulations on individuals whose homes or businesses were damaged. However, doing so may jeopardize opportunities for federal assistance, particularly through the National Flood Insurance Program (NFIP). Although the NFIP is voluntary, when a parish or community joins the NFIP, it agrees to maintain and enforce adequate land use and control measures consistent with the NFIP criteria. A community's flood damage prevention ordinance defines what it has agreed to enforce. Violations of this ordinance can have serious consequences for the community.

If a parish or community does not enforce its floodplain management regulations, the state and Federal Emergency Management Agency (FEMA) can:

- Reclassify the community's Community Rating System (CRS) level;
- Place the community on probation; or
- Suspend the community from the NFIP.

RECLASSIFY YOUR CRS LEVEL: The CRS provides a discount in NFIP flood insurance premiums for properties in communities that participate in the CRS program. If a community is no longer in full compliance with the NFIP requirements, residents will lose their CRS flood insurance premium discounts, which may ultimately be up to 45 percent.

PROBATION: If a community and all NFIP policy-holders are formally notified that their program is on probation, all NFIP policies sold or renewed during the probation period will have an additional \$50 premium charged to them. The surcharge is a way of informing policyholders that their community is not in compliance; and if the community fails to correct the problems, suspension may result.

SUSPENSION: If a community fails to remedy its program deficiencies, it will be suspended from the NFIP. Suspension means:

- NFIP flood insurance will not be available.
- NFIP flood insurance policies will not be renewed.
- No direct federal grants or loans for development in identified flood hazard areas may be made by federal agencies such as the U.S. Department of Housing and Urban Development, the Environmental Protection Agency and the Small Business Administration. State agencies may also deny financial assistance for floodplain properties.
- No federal mortgage insurance or loan guarantees may be provided in identified flood hazard areas from the Federal Housing Administration, the Veterans Administration and others.
- Federally insured or regulated lending institutions, such as banks and credit unions, must notify applicants seeking loans for insurable buildings in flood hazard areas that there is a flood hazard and the property is not eligible for federal disaster relief.

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