

# Frequently Asked Questions (FAQ's)

## Eight Point Lake FEMA Flood Plain Designation

- ***What is a FEMA flood zone?***

The Federal Emergency Management Agency (FEMA), an agency under Homeland Security, identifies flood hazard areas on the Flood Insurance Rate Map (FIRM) as Special Flood Hazard Areas (SFHA). An SFHA is defined as the area that could be inundated by a flood having a 1-percent chance of occurrence in any given year (the 100-year flood zone). The key identifier is the elevation known as the Base Flood Elevation (BFE). At Eight Point Lake, the BFE has been established at 1,053 feet above sea level.

- ***Why Eight Point Lake?***

FEMA has an ongoing process to update existing maps across the country and to add newly identified SFHA's to the flood zone maps. All of the shoreline of Eight Point Lake has been determined to be in a High Risk (Zone AE) flood hazard area and it is the only SFHA within Garfield Township. The updated maps were officially adopted by Clare County and our Township in December 2010.

- ***How did this happen?***

Congress established the National Flood Insurance Program in 1968. The identification and mapping of flood zones was costly and labor intensive during the early years and existing maps became outdated over time. In 2003, Congress mandated that FEMA get their maps up to date. Using new techniques, such as airborne LIDAR mapping technology, new flood zones have been identified and some former flood zones have been eliminated. States are randomly chosen for updating and Michigan was one of the states selected in 2009.

- ***What does this mean to me for my property at Eight Point Lake?***

Depending upon your individual situation, you may be required to take specific action related to being located in a flood plain. All waterfront cottages are within the flood zone. Those not on the water may be outside the flood zone, as determined by the Flood Insurance Rate Map (FIRM). See enclosed map.

Homes and buildings in high-risk flood areas with mortgages from federally regulated or insured lenders are required to have flood insurance. These areas have a 1% or greater chance of flooding in any given year, which is equivalent to a 26% chance of flooding during a 30-year mortgage. If you do not have a mortgage, your options may include doing nothing, purchasing flood insurance, or, depending on the elevation of your dwelling, you may apply to opt out of the flood zone.

- ***I got a letter from my mortgage lender about flood insurance. What should I do now?***

When flood hazard area maps are updated, FEMA notifies lending institutions. If you receive a letter from your lender stating that you are required to purchase flood insurance, by law you have 45 days to comply or the lender will purchase insurance for you and add the premium to your mortgage. It is best to buy the policy yourself, as the lender may not choose the same coverage limit and deductible that you would choose. If you think you may qualify to opt out of the flood zone, you can hire a surveyor and apply for a Letter of Map Amendment (LOMA). Once your LOMA has been approved by FEMA, you will qualify for a refund of any unused portion of your flood insurance premium if you cancel the policy.

- ***I don't have a mortgage, so how does this affect me?***

If you do not have a mortgage on your lake property, you have several options, including doing nothing, purchasing flood insurance, or possibly opting out of the flood zone. Sooner or later, however, most properties are eventually offered for sale. If you have not opted out, you will be required to disclose to potential buyers that your property is in a flood zone, which can have a negative impact on market value.

- ***How do I opt out?***

FEMA allows dwellings that meet certain requirements to be formally excluded from the flood zone. The dwelling must be above the BFE to qualify for opting out. To opt out, a licensed surveyor must complete an elevation survey. Then an application is submitted to FEMA known as a Letter of Map Amendment (LOMA). It can take anywhere from 6 – 12 weeks for the LOMA to be approved. If the LOMA is approved, your dwelling will be excluded from the flood zone. Opting out will eliminate the federal requirement for purchasing flood insurance, but your lender may still require it at their discretion.

- ***If I opt out, can I still purchase flood insurance?***

Yes. By opting out of the flood zone, you will qualify for a lower cost coverage rate should you choose to buy flood insurance. Since Garfield Township is a participating community, all properties within the Township are eligible for flood insurance policies from FEMA. Additionally, you may qualify for a *Preferred Risk Policy* (PRP) insurance policy, which is offered on some properties at reduced premiums. See enclosed.

- ***How do I purchase flood insurance?***

All flood insurance is issued by the federal government through FEMA. You can purchase it directly from them or your personal insurance agent can purchase it from FEMA for you. Your insurance agent receives a small fee for purchasing a policy for you, but the premium cost to you is the same either way. Visit FEMA's website – [www.floodsmart.gov](http://www.floodsmart.gov) – for more information or contact your personal insurance agent.

- ***Where can I get help opting out of our flood zone?***

You will need the services of a licensed surveyor to complete an elevation survey as part of the opt-out application process. Although it is against Association policy to endorse individual businesses, the following survey firm has assisted several property owners at Eight Point Lake:

Scott Graham, Surveyor  
Lapham Associates  
515 E. Fifth St.  
Clare, MI 48617  
(989) 386-7774

Lapham Associates will offer a discount from their usual fee for an elevation survey with a maximum discount if a group of 8-10 property owners can be done at the same time. The properties do not need to be adjacent to each other to qualify for the discount. Be sure to inquire about a group discount if you are considering contracting for their services. Lapham Associates have successfully helped a number of owners apply for and receive a LOMA (opt out) at Sanford Lake in Midland County and several at Eight Point Lake.

- ***What other sources of information can I refer to?***

The following references were used in the creation of this document and can provide additional information:

Planning & preventing for floods	<a href="http://www.fema.gov/plan/prevent">www.fema.gov/plan/prevent</a>
Flood Insurance application & rates	<a href="http://www.floodsmart.gov">www.floodsmart.gov</a>
FEMA FIRM flood maps	<a href="http://www.fema.gov/hazard/map/flood.shtm">http://www.fema.gov/hazard/map/flood.shtm</a>
Flood zone information for homeowners	<a href="http://www.myFloodZone.com">www.myFloodZone.com</a>
Flood Plain Management	<a href="http://clarecommunitydevelopment.org/floodplain.htm">http://clarecommunitydevelopment.org/floodplain.htm</a>

Flood Insurance: What You Need to Know

[www.michigan.gov/documents/cis\\_ofis\\_ip215\\_24998\\_7.pdf](http://www.michigan.gov/documents/cis_ofis_ip215_24998_7.pdf)

DNR Water Resources Div – Flood Insurance Considerations

[http://www.michigan.gov/documents/deq/lwm-flood-insurance-purchase\\_202945\\_7.pdf](http://www.michigan.gov/documents/deq/lwm-flood-insurance-purchase_202945_7.pdf)

## FACT SHEET



# Preferred Risk Policy Eligibility Extension

## A New Low-Cost Flood Insurance Option for Your Community

*The Federal Emergency Management Agency (FEMA) introduces a new flood insurance rating option for the National Flood Insurance Program (NFIP) to help reduce the financial burden placed on property owners whose buildings are newly mapped into a high-risk flood area.*

### FLOOD MAPS CHANGE – FLOOD RISKS CHANGE

In 2003, with aging flood control infrastructure and outdated flood maps across the United States, upon a request from the President, Congress appropriated funds directing FEMA to update the nation's flood hazard maps. This effort (known as Flood Map Modernization) used the latest data and technology to identify communities' current flood risks nationwide. As a result, many property owners have found that their risk of flooding has changed. For some, it was reduced; but for others, it increased. If a building in a moderate-to-low risk flood zone was newly mapped into a high-risk Special Flood Hazard Area (SFHA) and was secured with a federally regulated or insured loan, lenders may require flood insurance. While the property owner may have been able to buy a lower-cost Preferred Risk Policy (PRP) before the new flood maps became effective, any policy purchased after the map revision would have to be rated at more expensive standard-rates. The PRP would have to be converted to more expensive standard-rated premiums at subsequent renewals. Recognizing the financial burden this places on affected property owners and that updating flood maps is continuing with FEMA's new Risk MAP (Mapping, Assessment and Planning) effort, FEMA is extending the eligibility of writing the lower-cost PRP for two years after a revised flood map's effective date.

### ELIGIBILITY FOR THE PRP TWO-YEAR EXTENSION

For policies effective on or after January 1, 2011, FEMA is applying the two-year PRP eligibility extension for buildings affected by map changes since October 1, 2008.

### Affected Buildings Previous to January 1, 2011

Buildings that have been newly mapped into high-risk flood zones (i.e., labeled with "A" or "V" on the flood maps) due to a map revision on or after October 1, 2008, and before January 1, 2011, are eligible for a PRP for *two policy years* effective between January 1, 2011, and December 31, 2012. So, policies issued as standard-rated policies or converted to standard-rated policies following a map change on or after October 1, 2008, could be converted to the lower-cost PRP for two years beginning on the first renewal effective on or after January 1, 2011. Buildings meeting these same conditions that were not previously insured may be issued as a new business PRP on or after January 1, 2011, during this same eligibility period.

Buildings that are newly mapped into a high-risk flood zone due to a map revision on or after January 1, 2011, are eligible for a lower-cost PRP for *two policy years* from the map revision date.

Buildings meeting the above requirements must also meet the NFIP's PRP loss history requirements. At the end of the extended eligibility period, policies on these buildings must be written as standard-rated policies; however, there are additional rating options available, which could result in additional savings (e.g., grandfathering, elevation rating, higher deductible).

### Significant Savings

A property owner who has a home without a basement will pay \$343 for \$200,000 in building and \$80,000 in contents coverage for a PRP versus more than \$1,400 for a standard-rated policy in an X zone, and even more if rated in a high-risk flood zone (i.e., A zone)...a savings of more than \$1,000+ a year.

### STAY PROTECTED AND SAVE

Whether a building is mapped into a high-risk or moderate-to-low risk flood zone, the property owner should always consider flood insurance as a way to reduce their overall risk. While this new rating option provides temporary financial relief, the property owners need to understand that they are still at a high risk for flooding.



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This extension provides affected property owners additional time to save and prepare for paying for the full risk premium in two years. The two-year extension also provides more time for the communities to upgrade or mitigate flood control structures to meet FEMA standards and reduce the flood risk. Sound floodplain management will reduce the financial impact on residents and businesses in the long term while making their community safer to live and work in.

### WHAT TO DO

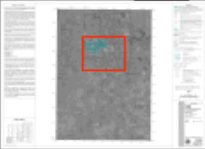
While the new PRP eligibility extension does not become effective until January 1, 2011, insurance companies will be contacting policyholders – those who may potentially qualify for this extension – at least ninety days before their policy expires. Consequently, some policyholders may be receiving notification as early as October 1, 2010. Insurance agents will be required to provide their insurance company documentation to show that the building is eligible for the PRP extension, including the current and prior map information. Such information, both historic and current flood maps, can be found on FEMA's mapping website (<http://mhc.fema.gov>) or through the local community's floodplain administrator.

Property owners in communities that have received flood map updates since October 1, 2008 and have questions should contact their agent for further details. Additional information can also be found at [www.FloodSmart.gov](http://www.FloodSmart.gov) and [www.FloodSmart.gov/PRPEExtension](http://www.FloodSmart.gov/PRPEExtension) or by calling the NFIP Help Center at 1-800-427-4661.



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