

Challenging the Lender's Map Determination

Communities should be aware that the ultimate decision on whether flood insurance is required rests with the lender. Lenders are permitted to rely on third-party vendors for flood zone determinations provided that those vendors guarantee the accuracy of their determinations. Communities are not considered third-party vendors nor are they expected to assume the lender's responsibility. You may also refer to the document "About the Mandatory Purchase of Flood Insurance" which can be requested from the Community Development Department (307-358-2132) or found online at www.cityofdouglas.org.

However, if there is a flood zone discrepancy among the parties involved, community officials often are contacted to provide assistance and documentation to clarify the flood zone for the building in question. The CRS encourages communities to help their residents. The community staff that provides the map information service should be familiar with the mandatory purchase requirements and the following processes available to property owners to resolve a flood zone dispute.

- 1) Talk to the lender—The first step should always be to talk to the lender and demonstrate that the building is not in the Special Flood Hazard Area (SFHA). The community can help, by supplying a printout of the FIRM showing the building's location. If the lender's decision is based on information from a flood zone determination company, the inquirer can ask the lender to request a manual determination. Often determinations are made by a computer, so a manual determination may result in a different finding.
- 2) Letter of Map Amendment—Out as Shown (LOMA—OAS) —Occasionally, a parcel or individual structure may be incorrectly determined to be located within the SFHA because of imprecise map delineations. A property owner may submit property and elevation materials to FEMA in support of a request for a LOMA. Where the FIRM is based on an aerial photograph and the building is clearly shown as outside the SFHA, this can be a relatively simple approach.
- 3) Letter of Determination Review (LODR)—This process is meant to be used to determine whether the FIRM was read correctly. The borrower and lender can jointly submit a review request to FEMA during the 45-day period after the borrower is notified that flood insurance is required.

After reviewing the required supporting technical documentation, within 45 days after receiving the completed package, FEMA will issue a written determination, a LODR, indicating its concurrence or disagreement with the original determination made by the lender or third party, and stating whether the FIRM indicates that the subject building is in the SFHA. FEMA will assess a flat fee to cover the costs of this review.

- 4) Letter of Map Amendment (LOMA)—Sometimes the flood map will show a structure as clearly being within an SFHA, even though the building on the property is on ground that is above the base flood elevation. FIRMs may not reflect every rise in terrain, so there may be instances of "natural islands" of high ground that are advertently included in the SFHAs. A property owner may submit property and elevation materials in support of a request for a LOMA to remove the property from the SFHA.

More details about these letters can be found at www.fema.gov/letter-map-amendment-letter-maprevision-based-fill-process.