

Disclosure Alert: Natomas Basin, Sacramento and Sutter Counties New FEMA Flood Maps Issued

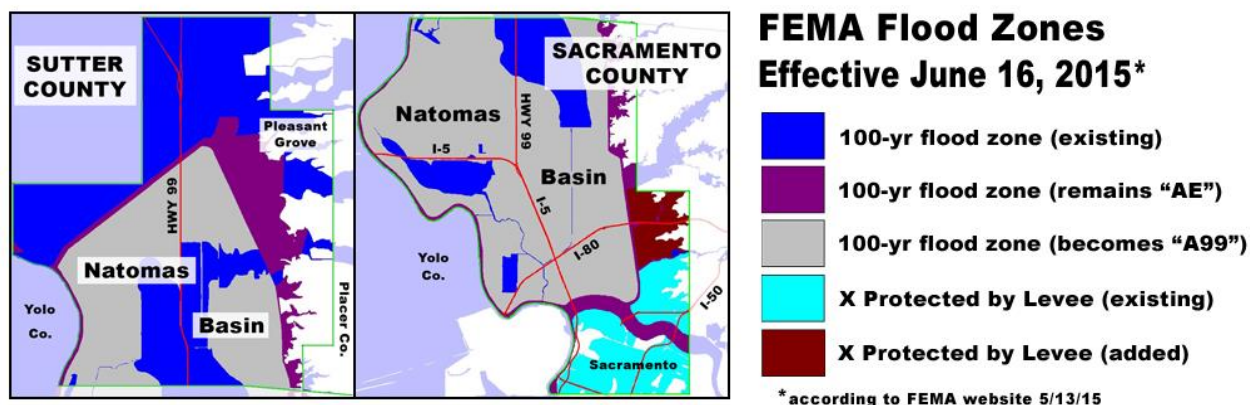
Effective June 16, 2015

The Federal Emergency Management Agency (FEMA) has issued revised Flood Insurance Rate Maps (FIRMs) for Sacramento County that become effective on Tuesday, June 16, 2015 (according to the FEMA website accessed May 13, 2015). These maps show areas that are considered to be in a floodplain, and therefore may require homeowners to obtain flood insurance. Flood zone disclosure is a statutory requirement in California real estate transactions.

This alert is to update our real estate customers about flood map changes that may affect your clients, insurance requirements which these changes may trigger, and opportunities that may benefit your clients with lowered flood insurance costs. (To view the new maps, see instructions at bottom.)

New Zone Boundaries & Insurance Requirements

Flood insurance is generally required for federally-backed mortgages on properties within a "Special Flood Hazard Area", also called a "100-year flood" zone. The new FEMA maps will change flood zones in the Natomas Basin vicinity of northwestern Sacramento County and southern Sutter County.



In December 2008 FEMA revised flood insurance rate maps in and around the City of Sacramento. Those maps drew over 28,000 parcels into the 100-year flood zone (Zone "A" or "AE"), primarily in the Natomas Basin. Those maps also placed 74,000 parcels that are behind a levee into a new type of zone called "X Protected by Levee" (i.e., an area of moderate flood risk that is protected from a "100-year flood" by a levee and that is subject to revision to high-risk, or Zone A, if the levee is decertified by FEMA).

The revised maps that will become effective on June 16, 2015, address portions of Sacramento and Sutter Counties generally within the Natomas Basin. The map revisions primarily reflect FEMA's determination of "adequate progress" by local communities in improving flood risk through levee restoration projects. As a result, many parcels in high-risk Zone A or AE behind levees that are being restored are being reclassified as Zone "A99" pending continued progress toward successful completion of the levee restoration.

IN SACRAMENTO COUNTY: Approximately 29,330 parcels formerly in Zone AE will be reclassified as in Zone A99. Approximately 4,810 additional parcels will be remapped from Zone "X500" to X Protected by Levee. In addition, 156 parcels that were formerly in Zone AE will be rezoned into Zone A.

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IN SUTTER COUNTY: Approximately 271 parcels that were formerly in Zone AE will be reclassified as in Zone A99; and 64 parcels in Zone AE will be drawn into Zone A when the maps become effective.

According to FEMA, the mandatory flood insurance purchase requirements still apply in areas designated Zone A99; however, in many cases the insurance rates may be lower than in Zone A or AE. For more details see FEMA's online resources including, ***Adequate Progress On Flood Control Systems: Zone A99 Requirements Summary For State And Local Officials*** at <http://goo.gl/cvJAsI> and contact your insurance provider.

Changes May Impact the Cost of Home Ownership

Home owners and prospective buyers may wish to check with their insurance agent to see if the property's flood zone, and insurance requirements, will be affected by the map changes when they become effective.

As explained by FEMA, the Homeowner Flood Insurance Affordability Act of 2014 repealed and modified certain provisions of the Biggert-Waters Flood Insurance Reform Act enacted in 2012. Many properties in high-risk areas that were built before the community adopted its first FIRM do not meet current standards for construction and elevation, and they have been receiving subsidized insurance rates that do not reflect their actual risk. The new law requires gradual rate increases to properties now receiving artificially low (or subsidized) rates instead of immediate increases to full-risk rates as was required in certain cases under the Biggert-Waters Act. The new law also prevents some future rate increases, and implements a surcharge on all flood insurance policies of \$25 for a primary residence and \$250 for all other policies. **Ask your insurance agent for details as pending changes to FEMA programs, processes and procedures may affect final insurance rates.** For FEMA's overview of the new law go to <http://goo.gl/R49UaY>.

In addition, when a property is drawn into a high-risk flood zone, building permits for future construction may require design standards that minimize flood risk, which could increase project cost; however, those flood mitigation improvements can significantly reduce the cost of flood insurance premiums. (See FEMA guide, page 7, for examples, at <http://goo.gl/qQbO4I>.) Such development impacts, as well as insurance requirements that may be triggered by new or revised flood zones, and potential increases in flood insurance costs, may be material in a buyer's decision to purchase real estate and require disclosure where properties are affected.

Elevation surveys take time – order your NHD at listing to see if one is needed!

In some high-risk areas an elevation certificate is required just to obtain a flood insurance quote. If not anticipated, this requirement can delay escrow closing -- or threaten the transaction -- while a licensed land surveyor is retained to conduct the necessary elevation survey at the property. By ordering your NHD report at listing you can determine early in the transaction whether a high-risk flood zone affects the parcel. If so, JCP-LGS provides a **FEMA Flood Determination Certificate** for **FREE** to establish whether the structure on the property is in the high-risk flood zone and subject to the FEMA flood insurance requirement. As always, there is no charge for the JCP-LGS disclosure report if escrow does not close.

Options for Your Real Estate Clients

Timely Disclosure -- JCP-LGS disclosure reports will rely on the revised FEMA flood maps for hazard determinations as of the date the maps become effective.

NHD Report Updates -- As an accommodation to our clients, we will update your JCP-LGS report at no additional charge upon request if your escrow remains open after the maps become effective. To request

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a report update, please email after June 16, 2015, to: jcp-lgs.customerservice@firstam.com . (Please update your escrow billing information at that time.)

Flood Insurance Quote -- If your client needs an insurance quote on short notice to close a deal, please know that we include a free insurance quote from First American Property & Casualty Insurance Company with our reports. (Available in nearly all areas of the State.) First American P&C is also an authorized agent for flood insurance under the National Flood Insurance Program. For a flood insurance quote call (877) 713-7556.

Elevation Certificate – If a home is within the 100-year floodplain, it is important to know where it stands relative to the 100-year flood (base flood) level. The flood elevation certificate helps the owner make an informed decision about which flood insurance policy to purchase – and it is now required in order to obtain a flood insurance quote in some high-risk areas. The property may be eligible for a lower-cost policy depending on its floor elevation relative to the base flood level. To schedule an elevation survey for a property in a flood zone, contact First American Flood Elevation Services at 1-877-237-8950 or visit www.elevationcert.com

To view the *pending* flood maps follow these steps:

1. Go to <https://msc.fema.gov/portal/advanceSearch>
2. Select (1) state...(2) county...(3) community...then click (4) "Search".
3. Just below the Search button, click "Pending Product" and then "FIRM Panels".
4. Click the "View" icon of the desired map panel to see the future flood map.
5. Use the zoom tool to enlarge the flood map when it appears.

To view the *currently effective* flood maps follow these steps:

1. Go to <https://msc.fema.gov/portal>
2. Enter the property address and click "Search" (if needed, uncheck the "Map-based Search" box)
3. In the next map window, click the link in the location box (e.g., "06061C0447F")
4. Click the "View" icon

A list of the FEMA flood zone designations can be seen at this address: <http://goo.gl/y6Jyb>

Order a Disclosure Report that relies on the Correct Flood Data!

JCP-LGS is the company Californians have grown to trust since we issued the real estate industry's first residential hazard disclosure report more than 38 years ago. We are the industry leader in parcel-specific hazard disclosure. Our database of digital property maps in California now exceeds 10 million parcels. Combined with our database of effective FEMA flood zone maps, we make an "IN" or "NOT IN" determination when the parcel boundary intersects the flood zone boundary, as required under California Civil Code Section 1103. If any portion of the parcel is in the 100-year flood zone, we provide a **FEMA Flood Determination Certificate** for the structure on the property -- at no additional charge -- so that your client understands whether FEMA will require flood insurance on a federally backed mortgage.

Order online at www.disclosures.com
or call our Customer Service Desk at 800-748-5233.