



TOWN OF SOUTH BETHANY

402 Evergreen Road
South Bethany, DE 19930

PH: (302) 539-3653
FAX: (302) 539-7576
E-Mail: townhall@southbethany.org

NOTICE TO: LENDING INSTITUTIONS AND REAL ESTATE AND INSURANCE AGENTS

SUBJECT: FLOOD INSURANCE RATE MAP ZONE INFORMATION

As a public service, the Town of South Bethany will provide you with the following information upon request:

- * Whether a property is in or out of the Special Flood Hazard Area (SFHA) as shown on the current Flood Insurance Rate Map (FIRM) of the Town.
- * Additional flood insurance data for a site, such as the FIRM zone and the base flood elevation or depth, if shown on the FIRM.

Enclosed is a handout on the flood insurance purchase requirement that can help people who need a mortgage or loan for a property in the SFHA.

If you would like to make an inquiry, please tell us the street address and, if available, the subdivision, lot and block number. The Code Enforcement Constable is available 7:00 a.m. to 3:00 p.m., Monday-Friday. Call us at (302) 539-3653, Ext. 211 or drop by the Building Department in Town Hall. There is no charge for this service. The Building Department also has completed FEMA Elevation Certificates for buildings that were constructed in the floodplain since 1999.



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Flood Insurance

NFIP: This community participates in the National Flood Insurance Program (NFIP). The NFIP makes federally backed flood insurance available for all buildings, whether they are in a floodplain or not. Flood insurance covers direct loss caused by surface flooding, including a river flowing over its banks, a lake or ocean storm, and local drainage problems.

The NFIP insures buildings, including mobile homes, with two types of coverage: structural and contents. Structural coverage is for the walls, floors, insulation, furnace, and other items permanently attached to the structure. Contents coverage may be purchased separately provided the contents are in an insurable building.

Mandatory Purchase Requirement: The mandatory purchase requirement applies to all forms of federal or federally related financial assistance for buildings located in a Special Flood Hazard Area (SFHA). This requirement affects loans and grants for the purchase, construction, repair, or improvement of any publicly or privately owned building in the SFHA, including machinery, equipment, fixtures, and furnishings contained in such buildings.

Financial assistance programs affected include loans and grants from agencies such as the Department of Veterans Affairs, Farmers Home Administration, Federal Housing Administration, Small Business Administration, and Federal Emergency Management Agency. The requirement also applies to secured mortgage loans from financial institutions, such as commercial lenders, savings and loan associations, savings banks, and credit unions that are regulated, supervised, or insured by federal agencies such as the Federal Deposit Insurance Corporation and the Office of Thrift Supervision. It also applies to all mortgage loans purchased by Fannie Mae or Freddie Mac in the secondary mortgage market.

How it Works: Before a person can receive a loan or other financial assistance from one of the affected agencies or lenders, there must be a check to see if the building is in a SFHA. The SFHA is the base (100-year) floodplain mapped on a Flood Insurance Rate Map (FIRM). It is shown as one or more zones that begin with the letter "A" or "V".

Copies of the FIRM are available for review in most local government buildings or planning departments. Many lenders and insurance agents have copies also. It is the agency's or the lender's responsibility to check the FIRM to determine if the building is in a SFHA, although many communities provide assistance.

If the building is in a SFHA, the agency or lender is required by law to require the recipient to purchase a flood insurance policy on the building. The requirement is for structural coverage equal to the amount of the loan (or other financial assistance) or the maximum amount available, whichever is less. The maximum amount available for a single-family house is \$250,000.

The mandatory purchase requirement does not affect loans or financial assistance for items that are not covered by a flood insurance policy, such as vehicles, business expenses, landscaping, and vacant lots. It does not affect loans for buildings that are not in the SFHA, even though a portion of the lot may be floodprone. While not mandated by law, a lender may require a flood insurance policy for a property in any zone on a Flood Insurance Rate Map.



SPECIAL NOTICE

SOUTH BETHANY RESIDENTS TO GET FLOOD INSURANCE DISCOUNT

The Town of South Bethany has been notified by the National Flood Insurance Program (NFIP) that their application for recertification in the Community Rating System Classification has been approved as of October 1, 2008. What this means for the residents of South Bethany that have flood insurance through the National Flood Insurance Program or any Write Your Own (WYO) participating companies is that they are eligible for a discount from their insurance carrier. If your home is located within the Special Flood Hazard Area (SFHA), you will receive a 10% discount on your flood insurance. If your home is located in Zone X on the FEMA Flood Zone Map, you will receive a 5% discount on your flood insurance. Your insurance agent should already have the information from the NFIP in their system and incorporate the discount automatically. Most of South Bethany, about 95%, is in the SFHA and therefore qualifies for the 10% discount. The discount should be reflected when your flood insurance is to be renewed. If it is not, call your agent.

The combined effect of the savings for the residents is significant. Using the Town Hall flood insurance as an example, the Town will see a \$100.00 savings. If this is used as an average for the approximately 1300 lots with homes in South Bethany, assuming all would have flood insurance, the total savings resulting from the discount is approximately \$130,000.00 each year.

South Bethany is one of only 8 municipalities in Delaware in the Community Rating System Program. It is only the 5th municipality in Delaware to obtain the 10% discount rate. Only one municipality has a higher discount rate of 15%. The application process for the Town began in 2005. It has taken many hours of hard work by the Town staff to get to this point. To maintain the discount for residents, the Town must continue to maintain Community Outreach Programs, do periodic mailings and announcements, maintain elevation certificates, provide flood protection information, drainage system maintenance and inspection, and a host of other activities. The Town is subject to annual reviews as a part of this program.

I am very pleased that we have been able to achieve this rating for our residents so that they can get a discount on their flood insurance. With rising insurance costs, I am sure it will be a benefit to each of you. I would like to commend and thank the Town Hall staff for their work on this project. The application process and associated work has taken 3.5 years. This could not have been achieved without their hard work and dedication.

Melvin A. Cusick
Town Manager