



FEMA



# Levee Information for Mortgage Lenders

## Levee Systems: Risk Reduction, Not Risk Elimination

The United States has thousands of miles of levee systems—usually earthen embankments—designed and constructed in accordance with sound engineering practices to provide protection from temporary flooding along rivers, lakes, and coastlines. Many levee systems were first put in place to protect agricultural areas from frequent flooding. Some were built as long as 150 years ago. Others were designed to protect urban areas and were typically built to higher standards. However, no levee system provides full protection from all flood events.

All levee systems are designed and constructed to provide a specific level of flood protection and can be overtopped during larger flood events. This includes levee systems designed to provide protection from the 1-percent-annual-chance flood. Levee systems require regular maintenance to retain their level of protection. Levee systems can and do decay over time, and maintenance can become a serious challenge. When levee systems fail, or they are overtopped, the results are often catastrophic; the flood damage may be more significant than if the levee system had not been built.

For these reasons, mortgage lending professionals must understand the flood risks associated with levee systems when recommending or requiring the appropriate insurance protection for their clients.

## Flood Hazard Maps Identify Risks

Flood risks are identified on Flood Insurance Rate Maps (FIRMs). FIRMs display high-risk areas as Special Flood Hazard Areas (SFHAs). Flood insurance is required in SFHAs as a condition of any mortgage that is federally backed, regulated, or insured. FIRMs also show low- to moderate-risk areas, where flood insurance is optional, but encouraged along with floodproofing and other mitigation measures. Many of your customers in these areas will qualify for lower-cost Preferred Risk Policies.

## Levee Systems and Risk MAP

FEMA updates FIRMs to reflect current flood risk data. As part of the process, FEMA collects data and documentation from community officials and levee system owners to determine whether levee systems meet

### Levee Systems and Flood Insurance- The Lender's Role

Federal law requires that federally regulated or insured lenders meet mandatory flood insurance purchase requirements applicable to structures securing loans located in Special Flood Hazard Areas (SFHAs).

Whenever you make, increase, extend, or renew a mortgage, home equity, home improvement, non-residential or farm credit loan in an SFHA, you must make sure the property is covered with flood insurance to close that loan.

FEMA does not build, maintain, or certify levee systems. While FEMA is not responsible for levee systems or their maintenance, it is granted the authority through the NFIP to recognize levee systems as "accredited." Accredited levees are shown on DFIRMs as providing protection from the base (1-percent-annual-chance) flood, where flood insurance purchase requirements apply. Areas impacted by levee systems that longer meet NFIP regulations are designated as high-risk SFHAs, and flood insurance is required in these areas once the map becomes effective.

Civil monetary penalties may be assessed by regulatory authorities against non-compliant lenders.

For more detailed information about levee systems and the flood insurance risk zones shown on FIRMs, please visit the FEMA Web site at

[www.fema.gov/plan/prevent/fhm/](http://www.fema.gov/plan/prevent/fhm/)

**RiskMAP**  
Increasing Resilience Together

National Flood Insurance Program (NFIP) requirements for providing 1-percent-annual-chance flood protection. Eligible levee system owners are allowed up to 24 months to submit required data and documentation. During that time, the levee system is shown on the FIRM as provisionally accredited and the impacted area is shown as having a moderate flood risk. If a levee system cannot be shown as meeting NFIP criteria within the time allowed, the levee-impacted area will be shown as an SFHA and flood insurance requirements will apply.

### Protecting Every Property – The Insurance Professional’s Role

When a FIRM shows SFHAs, you should notify affected clients of the requirement to obtain flood insurance. Your customers’ flood risk doesn’t end at the line on a map. Flood insurance is strongly encouraged for property owners in all levee-impacted areas. Remind customers impacted by accredited or provisionally accredited levee systems that their risk is reduced, not removed, and that Preferred Risk Policies, where applicable, can start as low as \$150 or less per year.

If your customers live or work in a levee-impacted area, you should recommend the following steps to help them reduce the impact of flood events:

- **Understand the risk.** Local officials can provide more information about the flood risk for the property.
- **Plan for evacuation.** Plan and practice a flood evacuation route, and ask someone out of state to be a “family contact” in an emergency.
- **Consider purchasing flood insurance.** Flood insurance can protect a home or business financially and is available regardless of the accreditation status of the levee system.

The chart below shows how FEMA designates risks on FIRMs and the requirements and options for flood insurance in levee-impacted areas.

IF THE LEVEE SYSTEM...	THE NFIP FLOOD MAP SHOWS THIS FLOOD RISK AS...	AND THESE FLOOD INSURANCE REQUIREMENTS AND OPTIONS APPLY
Is not currently shown as providing protection from the 1-percent-annual-chance flood. <b>(Not Accredited)</b>	<b>High flood risk</b> , with levee-impacted areas shown as being in an SFHA (labeled as Zones A, AE, AH, AO, AR, or A99) on the map.	<b>Flood insurance is required</b> in high-risk areas as a condition of any mortgage that is federally backed, regulated, or insured. Your customers should be aware that Insurance rates may rise to reflect higher flood risk in these areas.
Provides protection from the 1-percent-annual-chance flood. <b>(Accredited)</b>	<b>Moderate flood risk</b> , with levee-impacted areas shown as being in Zones B, C, X, or X (shaded) on the map.	<b>The mandatory flood insurance purchase requirements of the NFIP do not apply</b> in Zones B, C, X, or X (shaded), but <b>flood insurance is strongly recommended</b> . <b>Lower-cost Preferred Risk Policies (PRPs) are available</b> for most buildings in Zones B, C, X, or X (shaded).
No longer meets the minimum standards to be shown as providing protection from the 1-percent-annual-chance flood. <b>(De-Accredited)</b>	<b>High flood risk</b> , with levee-impacted areas shown as being in an SFHA (labeled as Zones A, AE, AH, AO) on the map.	<b>Flood insurance is required</b> in high-risk areas as a condition of any mortgage that is federally backed, regulated, or insured. <b>Grandfathering can save your customers money</b> . Buildings covered by flood insurance before the effective date of new maps can be grandfathered in at the current flood insurance risk zone designation, as long as there is no lapse in coverage. Note: This coverage can be transferred.
Is temporarily shown as providing protection from the 1-percent-annual-chance flood while additional data and documentation are gathered. <b>(Provisionally Accredited)</b>	<b>Moderate flood risk</b> , with levee-impacted areas being shown as being behind a Provisionally Accredited Levee, or PAL (shown as a Zone X (shaded) on the map pending accreditation of the levee system).	<b>The mandatory flood insurance purchase requirements of the NFIP do not apply</b> in Zones B, C, X, or X (shaded), but <b>flood insurance is strongly recommended</b> . <b>Lower-cost PRPs are available</b> for most buildings in Zones B, C, X, or X (shaded).