

National Flood Observer

A Quarterly Newsletter from LPS National Flood



Preferred Risk Policy Eligibility Extension – Automated Solution from LPS

In the last edition of the *National Flood Observer*, we reported on FEMA's proposed program to provide a cost-saving flood insurance option for properties newly included in high risk flood zones as a result of flood map updates. FEMA work group and additional Institute of Business and Home Safety (IBHS) Committee meetings have taken place this summer to review the proposed requirements, achieve clarification where needed and finalize the program that will officially take effect on January 1, 2011.

Under the new **Preferred Risk Policy (PRP) Eligibility Extension** provision, buildings newly identified to be in Special Flood Hazard Areas (SFHAs) as a result of FEMA flood map revisions on or after January 1, 2011 will be eligible for a low cost PRP for two policy years following the effective date of the new map. In addition, buildings moved into SFHAs due to map revisions between October 1, 2008 and December 31, 2010 will be eligible for the PRP rate for two years upon their next policy renewal. More information about this new program is detailed in FEMA's July 15 **bulletin** and new **agent fact sheet** issued on August 23.

Lending institutions may be concerned about their role in the PRP Extension process. FEMA has indicated, in the July 15 **bulletin** and now in the publication of *Questions and Answers for Lenders Regarding the Preferred Risk Policy Eligibility Extension*

(see FEMA bulletin **w-10089**), that this is the responsibility of "the writing company, not the lender, [to] validate PRP extended eligibility." Lenders should find these documents helpful in understanding FEMA's new provision and the impact it will have on their processes. The *Questions and Answers for Lenders* document will also be posted at www.FloodSmart.gov/PRPExtension by the end of September and distributed by federal financial regulatory agencies to their respective banks.

Insurance carriers are required to implement procedures for notifying policyholders of their potential eligibility at least 90 days prior to policy expiration. To help support this new requirement, LPS National Flood is offering reporting and automated ordering solutions, to include the following:

- Indication of possible eligibility for PRP Extension for new orders
- Historical zone and map information for properties newly identified in SFHAs
- Monthly reports of upcoming map revisions

Historical flood zone and map data will be available as part of the standard flood determination product and via XML interfaces. Customers interested in opting for this new service and/or in obtaining more information should contact LPS National Flood at **(800) 833-6347, option 4** or by emailing floodinfo@lpsvcs.com.



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Technical Support:
**Press "3" at voice prompt
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Product Information:
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floodinfo@lpsvcs.com**

Have a question or topic that you would like addressed in the *National Flood Observer*? Submit your suggestions to floodinfo@lpsvcs.com

www.lpsnationalflood.com

Lender-Placed Insurance and Tracking Solutions

As LPS National Flood strives to provide added solutions to our suite of services, we are developing proprietary products as well as leveraging strategic partners to help meet the needs of our clients. Many of LPS' lender customers have inquired about flood insurance-related services, specifically Lender-Placed Flood Insurance (formerly "Force-Placed") and Insurance Policy Tracking.

LPS National Flood has established strategic alliances with several prominent insurance service providers to offer an outsourced solution for lenders of all sizes. LPS works closely with the client's provider of choice to facilitate the transfer of pertinent flood data directly to the insurance service provider and the client's servicing system. This coordinated, joint process greatly simplifies the

lender's efforts to ensure that required insurance is in place at all times.

If you would like information on insurance solutions facilitated by LPS National Flood, please call **(800) 833-6347 option 4.**

"The Mail Never Stops!" (Nor do Map Revisions!)

Seinfeld's Newman bemoaned the fact that "the mail never stops. It just keeps coming and coming and coming. There's never a letup. It's relentless. Every day it piles up more and more, but the more you get out, the more it keeps coming. And then the bar code reader breaks. And then it's Publisher's Clearinghouse day."

We can appreciate Newman's rant. With FEMA's Map Modernization efforts turning out huge numbers of new maps over the last several years, it can seem like a continual "Publisher's Clearinghouse day". However, our years of experience in tracking over 30 million Life of Loan determinations along with our technological expertise allow us to quickly incorporate large numbers of

revised flood maps into our automated and manual processes. As a result, we have been able to remain current on all flood map revisions and resulting lender notifications.

Listed below are some of the larger communities with new map release dates throughout the remainder of 2010.



| Map Date | County/District | State |
|------------|----------------------|-------|
| 9/3/2010 | Pottawatomie | OK |
| 9/17/2010 | Fairfax | VA |
| 9/27/2010 | District of Columbia | DC |
| 9/29/2010 | Bexar | TX |
| 11/26/2010 | Multnomah | OR |
| 12/3/2010 | Cuyahoga | OH |
| 12/17/2010 | New Haven | CT |
| 12/17/2010 | Arapahoe | CO |

Elevation Certificate Quotes – Now Online

We are pleased to announce that customers can now request quotes for Elevation Certificates on LPS National Flood's websites!

Locating a local licensed surveyor who is familiar with FEMA's Elevation Certificate form and the requirements for its completion can be a challenge. Therefore, LPS National Flood is facilitating the process for access to a **free quote** and easy means of obtaining an Elevation Certificate. Quotes are returned within 48 hours of request and completed Elevation Certificates are supplied within 7 – 10 business days (for standard service; 1 – 2 business days for rush service).

The online quote request form is available on all LPS National Flood websites:

- **www.LPSnationalflood.com**:
On the Home Page, click **Get Quote Now** button
- **Lender Customer Platform**:
On the Home Page, click **Get Quote Now** button
- **Insurance Customer Platform**:
See the listing for **Elevation Certificates** within the Products menu.

Questions about the Elevation Certificate service should be directed to **(800) 833-6347, option 4** or **floodinfo@lpsvcs.com**.

Flood Insurance Extension and Reform Update - H.R. 5569 and H.R. 5114

It's beginning to sound like a broken record, but the House and Senate passed The National Flood Insurance Extension Act of 2010 (**H.R. 5569**) and the President signed the legislation in early July to extend authorization of the National Flood Insurance Program (NFIP) through September 30, 2010. Introduced by Congresswoman Maxine Waters (D-CA), **H.R. 5569** was the most recent of several short-term extensions and followed a one month lapse in June during which new policies were not issued.

The Flood Insurance Reform Priorities Act of 2010 (**H.R. 5114**) was passed by the House in mid July in an effort to improve the NFIP and formally reauthorize the program for five years. "Reauthorizing and improving the flood insurance program helps homeowners, businesses and communities throughout the country," said Congresswoman Waters. "This legislation restores stability to NFIP which it lacked while subject to lapses and only temporary extensions. During lapses in the flood insurance program over the past year, FEMA was not able to write new policies, renew expiring ones or increase coverage limits."

H.R. 5114 makes additional improvements to the flood insurance program by phasing in actuarial rates for pre-FIRM properties – those built before the effective date of the first Flood Insurance Rate Map (FIRM) for a community. It also raises maximum coverage limits, provides notice to renters about contents insurance and establishes a Flood Insurance Advocate, similar to the Taxpayer Advocate at the Internal Revenue Service.

In addition, the U.S. has in recent years

experienced increased flooding in areas not designated as Special Flood Hazard Areas so FEMA has been conducting new engineering studies and updating FIRMs to better reflect the risk of flooding in these areas. Many homeowners now find themselves in higher risk flood zones requiring the purchase of insurance.

H.R. 5114 delays the implementation of new rate maps so homeowners in a neighborhood newly classified as a high risk flood zone will not be immediately burdened with insurance costs.

The bill was referred to the Senate after passage by the House. The Senate will consider the House bill in its present form and may propose its own version of flood insurance reform after returning from Congressional adjournment in September. Stay tuned.

On a related note, the House Democratic Leadership sided with taxpayer and environmental groups and removed the Multi-peril Insurance Act of 2009 (**H.R. 1264**) from the House floor that would expand the NFIP to include coverage for windstorms. Opponents of the bill voiced concerns that the legislation would have cost taxpayers billions of dollars and negatively impacted the environment. The issue of devising federal solutions for windstorm protection is not dead yet, however. Senator Roger Wicker (R-MS) introduced the Coordination of Wind and Flood Perils Act of 2010 (S. 3672) on August 4 that would task insurance companies and the NFIP to work together to resolve claims related to windstorm damage. It is also likely that proponents of **H.R. 1264** will continue to pursue windstorm legislation while flood insurance reform remains a priority issue in Congress.

MSP: LPS' Comprehensive, Integrated Solution for Loan Servicing

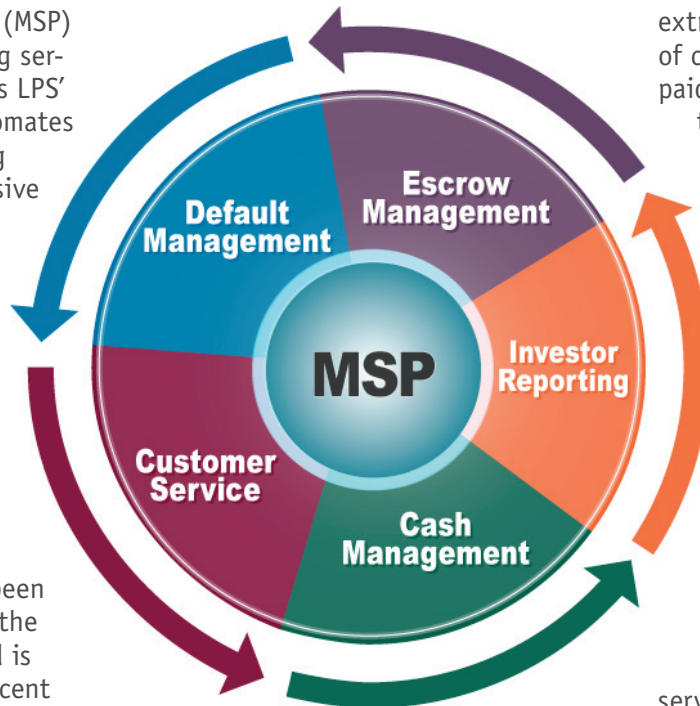
LPS' Mortgage Servicing Package (MSP) is the mortgage industry's leading servicing technology platform and is LPS' core servicing solution. MSP automates all functional areas of a servicing operation within one comprehensive system, including:

- Loan setup and maintenance
- Customer service
- Cashiering
- Escrow administration
- Investor accounting
- Default management
- Federal regulatory reporting

Over the last 40 years, MSP has been the system of record for most of the U.S.' top mortgage providers, and is used to service more than 50 percent of all mortgages in the U.S. Today, more than 80 financial institutions use MSP to service nearly 32 million loans.

A Substantial Investment in Architecture Improves Scalability and Functionality

In the last few years, LPS embarked upon a multi-year plan to re-architect its core MSP system to meet the future needs of clients. "To help our clients stay ahead of the industry curve, LPS made sizable investments in state-of-the-art architecture to increase MSP's scalability, while maintaining the reliability for which the system is known," said Dan Scheuble, President of LPS' Mortgage Processing Services division.



Ongoing Developments

LPS is continually expanding MSP through its myriad of optional enhancements to leverage the systems core functionality. When business processes change or new regulatory programs are required, MSP is ready to adapt using the latest technology to enhance its core capabilities.

Data for Flood Compliance Vendors

MSP's Flood Compliance Vendor enhancement (IP 1846) is a data

extract that automates the process of communicating additions, changes, paid-in-full, refinance or servicing transfers between the vendor and MSP. Flood compliance vendors use this data to ensure the loan meets all flood insurance requirements.

Award-Winning Implementation and Support

MSP's innovative technology is augmented by LPS' first-class customer service and support. With an experienced team of data conversion experts, LPS can transfer loan data from any loan servicing system to any servicing portfolio seamlessly.

Day-to-day MSP support is provided by LPS' PowerCell®, which consists of dedicated cells, or support teams, that represent clients by geographic regions. Each MSP client is assigned a team of experts dedicated to providing superior service.

The Total Solution

Today, MSP remains the industry's clear choice for mortgage servicing. LPS continues to research and invest in the next generation of MSP functionalities to deliver best-in-class technology with dedicated support. For more information about MSP, please contact **(800) 991-1274**.