

Flood Insurance Rates — STORM WARNING

By Robert N. Roop, P.E.,
President, Criterium Lockatong Engineers



© iStockphoto.com

A storm is brewing. The red gale warning flags are flying. Head to the store, stock up on batteries and non-perishables. But wait, it's not a NOAA forecast of the pending hurricane season but the impact on coastal (and even inland) condo living from the recent release of the long-awaited Federal Emergency Management Administration (FEMA) flood maps. As badly as New Jersey was hit by Superstorm Sandy, these maps could cause as much havoc.

The latest issues of these maps have been created with high accuracy from aerial photography and other means, giving some assurance of reliability, but things are not that simple in this world. What these maps do not do is confirm your particular building's relationship to future high water from rising ocean storm surges or the swelling of inland rivers and streams. This can have serious effects on future sales or financing

of condominium units. With the significant concentration of condominiums along our 1,792 miles of coastline, the number of families impacted is huge.

With mortgage rates still low you may be in a position to take advantage. For example, envision the scenario where you have had a mortgage for the last seven years at 5.5 percent and you have the possibility of refinancing with your current mortgage holder at a reduced rate of 4.5 percent with no closing costs. Sounds like a no-brainer, so you start the refinance paperwork process. Then the nightmare begins.

Ever since the condo was built seven years ago, its property lot has always been in flood Zone C, which does not require any flood insurance as it was not in a special flood hazard area. Even though not required to get the old mortgage, you — as a cautious owner-maintained \$250,000 in flood coverage at a premium of \$500 per year. Your mortgage

“What these maps do not do is confirm your particular building's relationship to future high water from rising ocean storm surges or the swelling of inland rivers and streams.”

holder sends you a letter notifying you their due diligence processing of the new mortgage revealed the new FEMA flood maps show the road leading into the condominium's lot could reach a base flood elevation (BFE) of 1 foot from a nearby stream during a hundred year storm. This driveway and hence, by association, the entire lot is now classified into a new “AO” zone. An “AO” zone reclassifies the property as subject to inundation by a 1 percent — annual — chance of shallow flooding where average depths are between one and three feet.

CONTINUES ON PAGE 38.

SERVPRO OF SO. JERSEY CITY / BAYONNE

WATER OR FLOOD DAMAGE? MOLD PROBLEMS? FIRE AND SMOKE DAMAGE?



OF FREEHOLD OF MIDDLETOWN
OF SO. JERSEY CITY / BAYONNE

has the expertise and experience
to restore your property...



...Like it never even happened.™

CLEANUP & RESTORATION
• WATER • MOLD • SEWAGE • FIRE

- Mold Remediation
- Duct Cleaning
- Carpet / Flooring Sales & Installation
- Sewer Backups
- Carpet Cleaning
- Reconstruction Services

Call for 24 Hour / 7 Day Service

Toll Free Throughout N.J.

(866) 651-4440

OR **(732) 431-4440**

You manage the property...We can help!

Patti Clemente

Project Coordinator

Cell (732) 489-1329

PClemente@SERVPROofFREEHOLD.com

Fully Insured
NJHIC# 13VH04580700

Independently
Owned & Operated

SERVPRO OF FREEHOLD

SERVPRO OF MIDDLETOWN

FLOOD INSURANCE...from page 36.

FEMA could easily determine that “some zone AO have been designated in areas with high flood velocities such as alluvial fans or washes. Communities are encouraged to adopt more restrictive requirements in these areas.” That could impact the whole association, not just your parcel.

Now the second wave. Because of the rezoning, your condominium unit is now in violation of the first mortgage’s covenants, and if you do not obtain the proper flood insurance, you will be in default subject to foreclosure. Avoiding the refinancing application may not have helped either. Some bankers are reviewing their loan portfolios to locate properties where the floor classification has changed. Amazingly your mortgage company has taken it upon themselves to notify your insurance company of the inadequate insurance level, and the insurance company sends a demand requiring an immediate payment of \$5,000 to cover the new special hazard flood insurance.

Letter of Map Adjustment

What is frustrating about this hypothetical, but very possible, scenario is that your unit’s foundation is at least 7 feet higher than the driveway’s estimated BFE. Water will never rise high enough to damage the building. It does not matter. You still have to send the requested \$5,000 insurance premium to avoid a possible foreclosure. The new higher premium will last every year for the life of the mortgage. So what are you to do? The only avenue for relief at this point is to file a letter of map adjustment (LOMA) request with FEMA.

If you believe your condo unit’s building has not been properly classified in the correct flood zone, you need to prove it by hiring a licensed land surveyor or professional engineer to make a topographical survey of the condo’s property. The purpose of the survey is to determine the elevation of the corners of the building above the BFE and locate the building on the topographic site plan using GPS coordinates. With this site plan, photos, and other data, your surveyor can file a federal form MT-EZ form (086-0-22) Feb 11 with FEMA requesting a LOMA. There is now eLOMA web based application at <https://hazards.fema.gov>. Look for it at the Letter of Map Change (LOMC).

If successful, a few weeks later a LOMA is issued granting the rezoning requested, so you can seek a refund of your insurance over-payment and proceed with the refinancing process that was interrupted. Though

Move Your Property Management into PRIME Time.

Prime Management is a property management company that provides a comprehensive range of maintenance, administrative and financial services. We specialize in providing cost effective, high quality service to community associations in Central New Jersey.

*Providing Innovative Property Management Programs
Designed Specifically To Meet Your Needs*

Call for our brochure! 609-693-0090

684 East Bay Avenue, Barnegat, NJ 08005



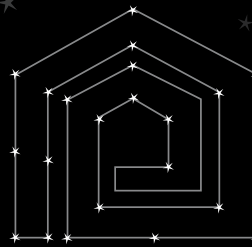
this sounds like a nightmare, it is actually a true story.

Climate Change

This insurance claim may prove to be a mere drop in the ocean compared to possible future climate changes that could cause rising sea levels and monster storms like Sandy. For example, most Vermont condo owners gave very little consideration to water damage caused by a hurricane. After all, they are well inland where any hurricane winds would greatly diminish. Most property owners along the Jersey shore would not have thought a storm with maximum gusts of only 94 mph would have caused so much water damage to properties located in protected harbors and inlets. After all, the building code enforced by New Jersey has most of the shore design conditions listed as 110 to 115 mph 3 second gusts. But new mega-storms have radically changed the method of predicting storm damage.

It is now recognized that the storm surge may be the biggest threat in future super storms. The larger diameter of these storms cause exceptional drops in atmospheric pres-

CONTINUES ON PAGE 40.



REACH FOR THE STARS

WE MANAGE OUR CUSTOMERS ABOVE & BEYOND

At Executive Property Management, we are light years ahead in our profession. For more than thirty years, we have successfully focused on providing our customers with unrivaled value in areas of financial consulting and reporting, customer service, cost control, technology and integrity.

Let us guide you to a brighter tomorrow.

Leonard Barber, CPA, PCAM, CMCA, *President and CEO*
Janice Barber, PCAM, CMCA, *Executive Vice President*



www.epmwebsite.com t / 732.821.3224 f / 732.821.6565
4-08 Towne Center Drive North Brunswick, NJ 08902

Get the Financial Guidance You Need in a Language You Can Understand

For over 30 years, we've helped more than 1000 condos and co-ops navigate complex accounting issues. Personal service coupled with industry knowledge allows us to give associations the options to achieve financial stability. Call or visit wgcpas.com to find out how we can help you.

Visit our Online Knowledge Center
for Educational Resources.

scan or visit
www.wgcpas.com/news/association-resources



Wilkin & Guttenplan P.C.

Certified Public Accountants
and Consultants

1200 Tices Lane, East Brunswick, NJ 08816
Contact: Jules Frankel, CPA, MBA
732-846-3000, ext. 113 jfrankel@wgcpas.com



DPM
Diversified Property Management, Inc.
 COURTYARDS AT SMITHVILLE
 28 S. New York Road, Suite B-6
 Galloway, NJ 08205



Phone: 609.652.8793
 Fax: 609.652.5040
 Email: info@dpm-nj.com
 Website: www.dpm-nj.com

**PROVIDING FULL MANAGEMENT SERVICES SINCE 1991 FOR
 CONDOMINIUM, HOMEOWNER AND COMMUNITY ASSOCIATIONS**

HILLCREST

PAVING AND EXCAVATING, INC.

Hillcrest Paving's reputation is built on quality workmanship, strict attention to detail and customer satisfaction. We specialize in condominium and homeowner association pavement rehabilitation projects of all sizes.

Services Provided

- Asphalt Paving
- Milling
- Excavating
- Retaining Walls
- Catch Basin Repairs
- Drainage
- Concrete Sidewalks and Curbs
- Tennis and Basketball Courts
- Snow Removal Services

675 Rahway Avenue • Union, NJ 07083
 Tel: (908) 687-4400 • Fax: (908) 687-4401

www.hillcrestpaving.com
 Email: Estimating@hillcrestpaving.com



ENVIRONMENTAL LANDSCAPE DESIGN, LLC.

Hardscape & Landscape Installation

Full Property Maintenance

Snow Removal Services

(732) 974 – 7215

www.ELDLandscape.com

FLOOD INSURANCE...from page 39.

sure, forcing a surge of water ahead of the storm front. This type of surge caused most of Sandy's devastation. Coastal municipal planners are preparing for this future and so should all near-water condo property owners.

The May 2014 release of the National Climate Assessment made it clear that climate change was already impacting the United States. Two important effects are from increased rain fall intensity and storm surge. It is also important to remember that the base ocean elevation has risen due to warmer ocean temperatures. The warmer water has expanded causing the ocean elevation to rise 12 inches since 1900. Add to a higher base elevation the storm surge. That

"The warmer water has expanded causing the ocean elevation to rise 12 inches since 1900."

surge occurs on the ocean surface under the low pressure area of the storm. Sandy had one of the lowest barometric pressures--940 milibars--of any recent storm. The surge elevation was estimated at 2.4 feet. Add to these two factors wave height and you can see why flood maps have had to change for coastal properties.

Another climate change effect is increased rain fall intensity, which impacts noncoastal properties anywhere near rivers or creeks. Have you noticed your gutters and downspouts seem to over flow more frequently? Same reason rivers are overflowing more frequently. The rain intensity is sending more water, at a faster to the points of collection and flow. Remember the Lake Hopatcong flood in August 2000? The U.S. geological Survey and FEMA estimates 15 inches of rain fell in a four day period and a 1,000 year event for total rainfall occurred in a 6 hour period during a severe thunderstorm on August 12.

So where does that leave us? Flood maps have changed both from coastal events and inland precipitation. Association members should pay close attention. Some of the changes may impact your property. Stay vigilant – storm warning flags are flying. ■