January 23, 2014

Testimony prepared by Lurie Portanova

My name is Lurie Portanova. My husband, Mike, and I purchased a property in Jersey Shore Nov. 1, 2012. Note, four months after the Biggert-Waters Flood Insurance Reform Act (BW-12) was passed.

At the closing, we were required to pay the flood insurance premium up front, in full. The premium was $2861.00. At that time, there was never any notice given to us that our premium would be increased due to BW-12 to $ 40,000.00 per year. That averages out to over $3300.00 a month, over $800,000.00 over the life of our loan. Had we been informed of this, we would have walked away from the deal.

August 12, 2013, a full nine months after we purchased the property and over a year since the BW-12 act was passed, we received a phone call from our insurance company, followed with a letter explaining the changes that would soon devastate our lives.

We were informed that because our National Flood Insurance Program (NIFP) policy was written after 7/6/2012, we would be required to obtain an "elevation certificate", at our cost $1000.00, within 30 days of the expiration date of the policy (11/1/2013). The information would then be submitted as a renewal flood insurance application. The rate would then be determined based on the information provided by the elevation certificate study.

The renewal bill of $40,000.00 was just as much of a shock to our insurance agent as it was to us. Of course, we are unable to pay this amount. The bank that holds our mortgage has now "forced placed" flood insurance on our property. The annual premium is $3941.00, which will be added to our loan and will accrue interest with the balance of our loan. Force place insurance does not provide coverage for damage or loss to our property. It only protects the bank's interest in the property, which is the loan balance.

You may think that our problem is resolved, but if we should sustain flood damage, we do not have any coverage to repair or replace our building. Yet, if our property burns to the ground, we have insurance to rebuild.

Suggestions have been made to "mitigate" properties. Our buildings were built in the late 1800's, historically recognized. It would be impossible to elevate the buildings and cost thousands of dollars to fill in the basements.

In closing, we bought the properties as an investment in our town, Jersey Shore. A "river walk" project is underway, which was developed in conjunction with the "Rails to trails". We are involved with the Susquehanna Greenway and "Main Street" projects, which are funded to revitalized river towns and downtown “Main Street”. Millions of dollars have already been poured into these Pennsylvania communities, only to end up as “ghost towns”. If the “unintended consequences” of the Biggert Waters Flood Insurance Reform Act are not reversed, I fear many hardworking, middle class citizens will lose everything they have worked their entire lives for, making a choice between paying for flood insurance or their mortgage . The tax bases in these communities will eventually erode as the property values decrease and banks foreclose on basically worthless properties.