

111<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5114

To extend the authorization for the national flood insurance program, to identify priorities essential to reform and ongoing stable functioning of the program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 22, 2010

Ms. WATERS (for herself, Mr. FRANK of Massachusetts, Mr. KANJORSKI, Mr. COSTELLO, Ms. MATSUI, Mr. THOMPSON of Mississippi, Mr. PATRICK J. MURPHY of Pennsylvania, Mrs. CAPPs, Mr. CARDOZA, Mr. HARE, Mr. AL GREEN of Texas, and Ms. LINDA T. SÁNCHEZ of California) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To extend the authorization for the national flood insurance program, to identify priorities essential to reform and ongoing stable functioning of the program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Flood Insurance Reform Priorities Act of 2010”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
 2 this Act is as follows:

- Sec. 1. Short title and table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Extension of national flood insurance program.
- Sec. 4. Maximum coverage limits.
- Sec. 5. Phase-in of actuarial rates for nonresidential properties and non-primary residences.
- Sec. 6. 5-year delay in effective date of mandatory purchase requirement for new flood hazard areas.
- Sec. 7. 5-year phase-in of flood insurance rates for newly mapped areas.
- Sec. 8. Increase in annual limitation on premium increases.
- Sec. 9. Consideration of construction, reconstruction, and improvement of flood protection systems in determination of flood insurance rates.
- Sec. 10. Treatment of certain flood protection projects.
- Sec. 11. Exception to waiting period for effective date of policies.
- Sec. 12. Enforcement.
- Sec. 13. Notification to tenants of availability of contents insurance.
- Sec. 14. Flood insurance outreach.
- Sec. 15. Notice of availability of flood insurance and escrow in RESPA good faith estimate.
- Sec. 16. Authorization of additional FEMA staff.
- Sec. 17. Plan to verify maintenance of flood insurance on Mississippi and Louisiana properties receiving emergency supplemental funds.
- Sec. 18. Flood insurance advocate.
- Sec. 19. Study regarding mandatory purchase requirement for natural 100-year floodplain and non-federally related loans.
- Sec. 20. Study of methods to increase flood insurance program participation by low-income families.
- Sec. 21. Report on inclusion of building codes in floodplain management criteria.

3 **SEC. 2. FINDINGS AND PURPOSES.**

4 (a) FINDINGS.—The Congress finds that—

- 5 (1) since the enactment of National Flood In-
- 6 surance Act of 1968, the national flood insurance
- 7 program has been the primary source of reliable,
- 8 reasonably priced, flood insurance coverage for mil-
- 9 lions of American homes and businesses;
- 10 (2) today over 5,500,000 homes and businesses
- 11 in the United States rely on the national flood insur-

1       ance program to provide a degree of financial secu-  
2       rity;

3           (3) although participation in the national flood  
4       insurance program has, in the past, largely been lim-  
5       ited to properties required to participate in the pro-  
6       gram because of the program's mandatory purchase  
7       requirement for properties in special flood hazard  
8       areas with loans from federally regulated lenders, re-  
9       cent annual and extraordinary flooding has resulted  
10      in the program enjoying its highest voluntary par-  
11      ticipation since the establishment of the mandatory  
12      flood insurance purchase requirement;

13          (4) several years of below-average flood claim  
14      losses and increased voluntary participation in the  
15      national flood insurance program have allowed the  
16      program to fully service the debt incurred following  
17      Hurricanes Katrina and Rita and allowed the pro-  
18      gram to pay \$500,000,000 of the principal of that  
19      outstanding debt;

20          (5) though significant reforms are needed to  
21      further improve the financial outlook of the national  
22      flood insurance program, long-term and reliable au-  
23      thorization of the program is an essential element to  
24      stabilizing the already fragile United States housing  
25      market;

1           (6) increased flooding in areas outside des-  
2           ignated special flood hazard areas prompted the Ex-  
3           ecutive and the Congress in 2002 to begin calling for  
4           the national flood insurance program to develop and  
5           disseminate revised, updated flood insurance rate  
6           maps that reflect the real risk of flooding for prop-  
7           erties not previously identified as being located with-  
8           in a special flood hazard area;

9           (7) dissemination of accurate, up-to-date, flood-  
10          risk information remains a primary goal of the na-  
11          tional flood insurance program and such information  
12          should be disseminated as soon as such information  
13          is collected and available;

14          (8) communities should be encouraged to make  
15          their residents aware of updated flood-risk data  
16          while communities are assessing and incorporating  
17          updated flood-risk data into long-term community  
18          planning;

19          (9) the maximum coverage limits for flood in-  
20          surance policies should be increased to reflect infla-  
21          tion and the increased cost of housing; and

22          (10) phasing out flood insurance premium sub-  
23          sidies currently extended to vacation homes, second  
24          homes, and commercial properties would result in

1 significant average annual savings to the national  
2 flood insurance program.

3 (b) PURPOSES.—The purposes of this Act are—

4 (1) to identify priorities essential to the reform  
5 and ongoing stable functioning of the national flood  
6 insurance program;

7 (2) to increase incentives for homeowners and  
8 communities to participate in the national flood in-  
9 surance program and to improve oversight to ensure  
10 better accountability of the national flood insurance  
11 program and the Federal Emergency Management  
12 Agency; and

13 (3) to increase awareness of homeowners of  
14 flood risks and improve the information regarding  
15 such risks provided to homeowners.

16 **SEC. 3. EXTENSION OF NATIONAL FLOOD INSURANCE PRO-**  
17 **GRAM.**

18 (a) PROGRAM EXTENSION.—Section 1319 of the Na-  
19 tional Flood Insurance Act of 1968 (42 U.S.C. 4026) is  
20 amended by striking “September 30, 2008” and inserting  
21 “September 30, 2015”.

22 (b) FINANCING.—Section 1309(a) of such Act (42  
23 U.S.C. 4016(a)) is amended by striking “September 30,  
24 2008” and inserting “September 30, 2015”.

1 (c) EXTENSION OF PILOT PROGRAM FOR MITIGA-  
2 TION OF SEVERE REPETITIVE LOSS PROPERTIES.—Sec-  
3 tion 1361A of the National Flood Insurance Act of 1968  
4 (42 U.S.C. 4102a) is amended—

5 (1) in subsection (k)(1), by striking “2005,  
6 2006, 2007, 2008, and 2009” and inserting “2011,  
7 2012, 2013, 2014, and 2015”; and

8 (2) by striking subsection (l).

9 **SEC. 4. MAXIMUM COVERAGE LIMITS.**

10 Subsection (b) of section 1306 of the National Flood  
11 Insurance Act of 1968 (42 U.S.C. 4013(b)) is amended—

12 (1) in paragraph (2), by striking “\$250,000”  
13 and inserting “\$335,000”;

14 (2) in paragraph (3), by striking “\$100,000”  
15 and inserting “\$135,000”; and

16 (3) in paragraph (4)—

17 (A) by striking “\$500,000” each place  
18 such term appears and inserting “\$670,000”;  
19 and

20 (B) by inserting before “; and” the fol-  
21 lowing: “; except that, in the case of any non-  
22 residential property that is a structure con-  
23 taining more than one dwelling unit that is  
24 made available for occupancy by rental (not-  
25 withstanding the provisions applicable to the

1 determination of the risk premium rate for such  
2 property), additional flood insurance in excess  
3 of such limits shall be made available to every  
4 insured upon renewal and every applicant for  
5 insurance so as to enable any such insured or  
6 applicant to receive coverage up to a total  
7 amount that is equal to the product of the total  
8 number of such rental dwelling units in such  
9 property and the maximum coverage limit per  
10 dwelling unit specified in paragraph (2); except  
11 that in the case of any such multi-unit, nonresi-  
12 dential rental property that is a pre-FIRM  
13 structure (as such term is defined in section  
14 578(b) of the National Flood Insurance Reform  
15 Act of 1994 (42 U.S.C. 4014 note)), the risk  
16 premium rate for the first \$500,000 of coverage  
17 shall be determined in accordance with section  
18 1307(a)(2) and the risk premium rate for any  
19 coverage in excess of such amount shall be de-  
20 termined in accordance with section  
21 1307(a)(1)''.

1 **SEC. 5. PHASE-IN OF ACTUARIAL RATES FOR NONRESIDEN-**  
2 **TIAL PROPERTIES AND NON-PRIMARY RESI-**  
3 **DENCES.**

4 (a) **IN GENERAL.**—Section 1308(c) of the National  
5 Flood Insurance Act of 1968 (42 U.S.C. 4015(c)) is  
6 amended—

7 (1) by redesignating paragraph (2) as para-  
8 graph (4); and

9 (2) by inserting after paragraph (1) the fol-  
10 lowing new paragraphs:

11 “(2) **NONRESIDENTIAL PROPERTIES.**—Any non-  
12 residential property, which term shall not include  
13 any multifamily rental property that consists of four  
14 or more dwelling units.

15 “(3) **NON-PRIMARY RESIDENCES.**—Any residen-  
16 tial property that is not the primary residence of any  
17 individual, including the owner of the property or  
18 any other individual who resides in the property as  
19 a tenant.”.

20 (b) **TECHNICAL AMENDMENTS.**—Section 1308 of the  
21 National Flood Insurance Act of 1968 (42 U.S.C. 4015)  
22 is amended—

23 (1) in subsection (c)—

24 (A) in the matter preceding paragraph (1),  
25 by striking “the limitations provided under

1 paragraphs (1) and (2)” and inserting “sub-  
2 section (e)”;

3 (B) in paragraph (1), by striking “, ex-  
4 cept” and all that follows through “subsection  
5 (e)”;

6 (2) in subsection (e), by striking “paragraph  
7 (2) or (3)” and inserting “paragraph (4)”.

8 (c) EFFECTIVE DATE AND TRANSITION.—

9 (1) EFFECTIVE DATE.—The amendments made  
10 by subsections (a) and (b) shall apply beginning  
11 upon the expiration of the 9-month period that be-  
12 gins on the date of the enactment of this Act, except  
13 as provided in paragraph (2) of this subsection.

14 (2) TRANSITION FOR PROPERTIES COVERED BY  
15 FLOOD INSURANCE UPON EFFECTIVE DATE.—

16 (A) INCREASE OF RATES OVER TIME.—In  
17 the case of any property described in paragraph  
18 (2) or (3) of section 1308(c) of the National  
19 Flood Insurance Act of 1968, as amended by  
20 subsection (a) of this section, that, as of the ef-  
21 fective date under paragraph (1) of this sub-  
22 section, is covered under a policy for flood in-  
23 surance made available under the national flood  
24 insurance program for which the chargeable  
25 premium rates are less than the applicable esti-

1 mated risk premium rate under section  
2 1307(a)(1) for the area in which the property  
3 is located, the Director of the Federal Emer-  
4 gency Management Agency shall increase the  
5 chargeable premium rates for such property  
6 over time to such applicable estimated risk pre-  
7 mium rate under section 1307(a)(1).

8 (B) ANNUAL INCREASE.—Such increase  
9 shall be made by increasing the chargeable pre-  
10 mium rates for the property (after application  
11 of any increase in the premium rates otherwise  
12 applicable to such property), once during the  
13 12-month period that begins upon the effective  
14 date under paragraph (1) of this subsection and  
15 once every 12 months thereafter until such in-  
16 crease is accomplished, by 20 percent (or such  
17 lesser amount as may be necessary so that the  
18 chargeable rate does not exceed such applicable  
19 estimated risk premium rate or to comply with  
20 subparagraph (C)).

21 (C) PROPERTIES SUBJECT TO PHASE-IN  
22 AND ANNUAL INCREASES.—In the case of any  
23 pre-FIRM property (as such term is defined in  
24 section 578(b) of the National Flood Insurance  
25 Reform Act of 1974), the aggregate increase,

1 during any 12-month period, in the chargeable  
2 premium rate for the property that is attrib-  
3 utable to this paragraph or to an increase de-  
4 scribed in section 1308(e) of the National Flood  
5 Insurance Act of 1968 may not exceed 20 per-  
6 cent.

7 (D) FULL ACTUARIAL RATES.—The provi-  
8 sions of paragraphs (2) and (3) of such section  
9 1308(c) shall apply to such a property upon the  
10 accomplishment of the increase under this para-  
11 graph and thereafter.

12 **SEC. 6. 5-YEAR DELAY IN EFFECTIVE DATE OF MANDATORY**  
13 **PURCHASE REQUIREMENT FOR NEW FLOOD**  
14 **HAZARD AREAS.**

15 (a) IN GENERAL.—Section 102 of the Flood Disaster  
16 Protection Act of 1973 (42 U.S.C. 4012a) is amended by  
17 adding at the end the following new subsection:

18 “(i) DELAYED EFFECTIVE DATE OF MANDATORY  
19 PURCHASE REQUIREMENT FOR NEW FLOOD HAZARD  
20 AREAS.—

21 “(1) IN GENERAL.—In the case of any area  
22 that was not previously designated as an area having  
23 special flood hazards and that, pursuant to any  
24 issuance, revision, updating, or other change in flood  
25 insurance maps, becomes designated as an area hav-

1 ing special flood hazards, if each State and local  
2 government having jurisdiction over any portion of  
3 the geographic area has complied with paragraph  
4 (2), such designation shall not take effect for pur-  
5 poses of subsection (a), (b), or (e) of this section, or  
6 section 202(a) of this Act, until the expiration of the  
7 5-year period beginning upon the date that such  
8 maps, as issued, revised, update, or otherwise  
9 changed, become effective.

10 “(2) NOTICE REQUIREMENTS.—A State or local  
11 government having shall be considered to have com-  
12 plied with this paragraph with respect to any geo-  
13 graphic area described in paragraph (1) only if the  
14 State or local government has, before the effective  
15 date of the issued, revised, updated, or changed  
16 maps, and in accordance with such standards as  
17 shall be established by the Director—

18 “(A) developed an evacuation plan to be  
19 implemented in the event of flooding in such  
20 portion of the geographic area; and

21 “(B) developed and implemented an out-  
22 reach and communication plan to advise occu-  
23 pants in such portion of the geographic area of  
24 potential flood risks, the opportunity to pur-



1           (1) in subsection (a), in the matter preceding  
2 paragraph (1), by inserting “or notice” after “pre-  
3 scribe by regulation”;

4           (2) in subsection (c), by inserting “and sub-  
5 section (g)” before the first comma; and

6           (3) by adding at the end the following new sub-  
7 section:

8           “(g) 5-YEAR PHASE-IN OF FLOOD INSURANCE  
9 RATES FOR NEWLY MAPPED AREAS.—Notwithstanding  
10 any other provision of law relating to chargeable risk pre-  
11 mium rates for flood insurance coverage under this title,  
12 in the case of any area that was not previously designated  
13 as an area having special flood hazards and that, pursuant  
14 to any issuance, revision, updating, or other change in  
15 flood insurance maps, becomes designated as such an  
16 area, during the 5-year period that begins upon the expira-  
17 tion of the period referred to in section 102(i)(1) of the  
18 Flood Disaster Protection Act of 1973 with respect to  
19 such area, the chargeable premium rate for flood insur-  
20 ance under this title with respect to any property that is  
21 located within such area shall be—

22           “(1) for the first year of such 5-year period, 20  
23 percent of the chargeable risk premium rate other-  
24 wise applicable under this title to the property;

1           “(2) for the second year of such 5-year period,  
2           40 percent of the chargeable risk premium rate oth-  
3           erwise applicable under this title to the property;

4           “(3) for the third year of such 5-year period, 60  
5           percent of the chargeable risk premium rate other-  
6           wise applicable under this title to the property;

7           “(4) for the fourth year of such 5-year period,  
8           80 percent of the chargeable risk premium rate oth-  
9           erwise applicable under this title to the property;  
10          and

11          “(5) for the fifth year of such 5-year period,  
12          100 percent of the chargeable risk premium rate  
13          otherwise applicable under this title to the prop-  
14          erty.”.

15 **SEC. 8. INCREASE IN ANNUAL LIMITATION ON PREMIUM IN-**  
16 **CREASES.**

17          Section 1308(e) of the National Flood Insurance Act  
18          of 1968 (42 U.S.C. 4015(e)) is amended by striking “10  
19          percent” and inserting “20 percent”.

1 **SEC. 9. CONSIDERATION OF CONSTRUCTION, RECON-**  
2 **STRUCTION, AND IMPROVEMENT OF FLOOD**  
3 **PROTECTION SYSTEMS IN DETERMINATION**  
4 **OF FLOOD INSURANCE RATES.**

5 (a) IN GENERAL.—Section 1307 of the National  
6 Flood Insurance Act of 1968 (42 U.S.C. 4014) is amend-  
7 ed—

8 (1) in subsection (e)—

9 (A) in the first sentence, by striking “con-  
10 struction of a flood protection system” and in-  
11 sserting “construction, reconstruction, or im-  
12 provement of a flood protection system (without  
13 respect to the level of Federal investment or  
14 participation)”; and

15 (B) in the second sentence—

16 (i) by striking “construction of a flood  
17 protection system” and inserting “con-  
18 struction, reconstruction, or improvement  
19 of a flood protection system”; and

20 (ii) by inserting “based on the present  
21 value of the completed system” after “has  
22 been expended”; and

23 (2) in subsection (f)—

24 (A) in the first sentence in the matter pre-  
25 ceding paragraph (1), by inserting “(without re-

1           spect to the level of Federal investment or par-  
2           ticipation)” before the period at the end;

3           (B) in the third sentence in the matter  
4           preceding paragraph (1), by inserting “, wheth-  
5           er coastal or riverine,” after “special flood haz-  
6           ard”; and

7           (C) in paragraph (1), by striking “a Fed-  
8           eral agency in consultation with the local  
9           project sponsor” and inserting “the entity or  
10          entities that own, operate, maintain, or repair  
11          such system”.

12          (b) REGULATIONS.—Not later than 90 days after the  
13          date of the enactment of this Act, the Administrator of  
14          the Federal Emergency Management Agency shall promul-  
15          gate regulations to carry out the amendments made by  
16          subsection (a). Section 5 may not be construed to annul,  
17          alter, affect, authorize any waiver of, or establish any ex-  
18          ception to, the requirement under the preceding sentence.

19          (c) IMPLEMENTATION.—The Administrator of the  
20          Federal Emergency Management Agency shall implement  
21          this section and the amendments made by this section in  
22          a manner that will not materially weaken the financial po-  
23          sition of the national flood insurance program or increase  
24          the risk of financial liability to Federal taxpayers.

1 **SEC. 10. TREATMENT OF CERTAIN FLOOD PROTECTION**  
2 **PROJECTS.**

3 Section 1308 of the National Flood Insurance Act of  
4 1968 (42 U.S.C. 4015), as amended by the preceding pro-  
5 visions of this Act, is further amended by adding at the  
6 end the following new subsection:

7 “(h) TREATMENT OF CERTAIN FLOOD PROTECTION  
8 PROJECTS.—

9 “(1) INAPPLICABILITY OF MANDATORY PUR-  
10 CHASE REQUIREMENT; PREMIUM RATES.—Notwith-  
11 standing any other provision of law, upon full com-  
12 pletion, as designed, of a flood protection system  
13 that was intended to provide flood protection with  
14 respect to a covered area, such covered area—

15 “(A) shall not be considered to be an area  
16 having special flood hazards for purposes of this  
17 Act or subsections (a), (b), or (e) of section  
18 102, or section 202(a) of the Flood Disaster  
19 Protection Act of 1973; and

20 “(B) shall be eligible for flood insurance  
21 under this Act, if and to the extent that such  
22 area is eligible for such insurance under the  
23 other provisions of this Act, at premium rates  
24 not exceeding those that would be applicable  
25 under this section if the flood protection system  
26 referred to in paragraph (2) for such area had

1           been completed and accredited as providing pro-  
2           tection from floods at the level that the system  
3           was designed to provide (before construction,  
4           reconstruction, or improvement of the system,  
5           as applicable, began).

6           The flood insurance rate maps shall indicate, for  
7           each covered area, the status of the area under sub-  
8           paragraphs (A) and (B).

9           “(2) COVERED AREA.—For purposes of this  
10          subsection, a covered area is an area that was in-  
11          tended to be protected by a flood protection sys-  
12          tem—

13                 “(A)(i) for which, as of April 15, 2010—

14                         “(I) construction, reconstruction, or  
15                         improvement has not been completed;

16                         “(II) adequate progress, within the  
17                         meaning of section 1307(e), has been made  
18                         on such construction, reconstruction, or  
19                         improvement; and

20                         “(III) is in an area having special  
21                         flood hazards; or

22                 “(ii) for which, as of such date—

23                         “(I) construction, reconstruction, or  
24                         improvement has been completed;

1                   “(II) a determination regarding ac-  
2                   creditation has not been made; and

3                   “(III) is in an area having special  
4                   flood hazards;

5                   “(B) that was designed to provide protec-  
6                   tion for at least the 100-year frequency flood;  
7                   and

8                   “(C) that has been determined, pursuant  
9                   to waterflow data or other scientific information  
10                  of a Federal agency obtained after, or that has  
11                  changed since, commencement of construction,  
12                  reconstruction, or improvement, will not provide  
13                  protection from floods at the level referred to in  
14                  subparagraph (B).”.

15 **SEC. 11. EXCEPTION TO WAITING PERIOD FOR EFFECTIVE**  
16 **DATE OF POLICIES.**

17                  Section 1306(e)(2)(A) of the National Flood Insur-  
18                  ance Act of 1968 (42 U.S.C. 4013(e)(2)(A)) is amended  
19                  by inserting before the semicolon the following: “or is in  
20                  connection with the purchase or other transfer of the prop-  
21                  erty for which the coverage is provided (regardless of  
22                  whether a loan is involved in the purchase or transfer  
23                  transaction), but only when such initial purchase of cov-  
24                  erage is made not later 30 days after such making, in-  
25                  creasing, extension, or renewal of the loan or not later

1 than 30 days after such purchase or other transfer of the  
2 property, as applicable”.

3 **SEC. 12. ENFORCEMENT.**

4 Section 102(f) of the Flood Disaster Protection Act  
5 of 1973 (42 U.S.C. 4012a(f)) is amended—

6 (1) in paragraph (5)—

7 (A) in the first sentence, by striking  
8 “\$350” and inserting “\$2,000”; and

9 (B) in the last sentence, by striking  
10 “\$100,000” and inserting “\$1,000,000; except  
11 that such limitation shall not apply to a regu-  
12 lated lending institution or enterprise for a cal-  
13 endar year if, in any three (or more) of the five  
14 calendar years immediately preceding such cal-  
15 endar year, the total amount of penalties as-  
16 sessed under this subsection against such lend-  
17 ing institution or enterprise was \$1,000,000”;  
18 and

19 (2) in paragraph (6), by adding after the period  
20 at the end the following: “No penalty may be im-  
21 posed under this subsection on a regulated lending  
22 institution or enterprise that has made a good faith  
23 effort to comply with the requirements of the provi-  
24 sions referred to in paragraph (2) or for any non-  
25 material violation of such requirements.”.

1 **SEC. 13. NOTIFICATION TO TENANTS OF AVAILABILITY OF**  
2 **CONTENTS INSURANCE.**

3 The National Flood Insurance Act of 1968 is amend-  
4 ed by inserting after section 1308 (42 U.S.C. 4015) the  
5 following new section:

6 **“SEC. 1308A. NOTIFICATION TO TENANTS OF AVAILABILITY**  
7 **OF CONTENTS INSURANCE.**

8 “(a) IN GENERAL.—The Director shall, upon enter-  
9 ing into a contract for flood insurance coverage under this  
10 title for any property—

11 “(1) provide to the insured sufficient copies of  
12 the notice developed pursuant to subsection (b); and

13 “(2) require the insured to provide a copy of  
14 the notice, or otherwise provide notification of the  
15 information under subsection (b) in the manner that  
16 the manager or landlord deems most appropriate, to  
17 each such tenant and to each new tenant upon com-  
18 mencement of such a tenancy.

19 “(b) NOTICE.—Notice to a tenant of a property in  
20 accordance with this subsection is written notice that  
21 clearly informs a tenant—

22 “(1) whether the property is located in an area  
23 having special flood hazards;

24 “(2) that flood insurance coverage is available  
25 under the national flood insurance program under

1 this title for contents of the unit or structure leased  
2 by the tenant;

3 “(3) of the maximum amount of such coverage  
4 for contents available under this title at that time;  
5 and

6 “(4) of where to obtain information regarding  
7 how to obtain such coverage, including a telephone  
8 number, mailing address, and Internet site of the  
9 Director where such information is available.”.

10 **SEC. 14. FLOOD INSURANCE OUTREACH.**

11 Chapter I of the National Flood Insurance Act of  
12 1968 (42 U.S.C. 4011 et seq.), as amended by the pre-  
13 ceding provisions of this Act, is further amended by add-  
14 ing at the end the following new section:

15 **“SEC. 1326. GRANTS FOR OUTREACH TO PROPERTY OWN-  
16 ERS AND RENTERS.**

17 “(a) IN GENERAL.—The Director may, to the extent  
18 amounts are made available pursuant to subsection (h),  
19 make grants to local governmental agencies responsible for  
20 floodplain management activities (including such agencies  
21 of Indians tribes, as such term is defined in section 4 of  
22 the Native American Housing Assistance and Self-Deter-  
23 mination Act of 1996 (25 U.S.C. 4103)) in communities  
24 that participate in the national flood insurance program  
25 under this title, for use by such agencies to carry out out-

1 reach activities to encourage and facilitate the purchase  
2 of flood insurance protection under this Act by owners and  
3 renters of properties in such communities and to promote  
4 educational activities that increase awareness of flood risk  
5 reduction.

6 “(b) OUTREACH ACTIVITIES.—Amounts from a grant  
7 under this section shall be used only for activities designed  
8 to—

9 “(1) identify owners and renters of properties  
10 in communities that participate in the national flood  
11 insurance program, including owners of residential  
12 and commercial properties;

13 “(2) notify such owners and renters when their  
14 properties become included in, or when they are ex-  
15 cluded from, an area having special flood hazards  
16 and the effect of such inclusion or exclusion on the  
17 applicability of the mandatory flood insurance pur-  
18 chase requirement under section 102 of the Flood  
19 Disaster Protection Act of 1973 (42 U.S.C. 4012a)  
20 to such properties;

21 “(3) educate such owners and renters regarding  
22 the flood risk and reduction of this risk in their  
23 community, including the continued flood risks to  
24 areas that are no longer subject to the flood insur-  
25 ance mandatory purchase requirement;

1           “(4) educate such owners and renters regarding  
2 the benefits and costs of maintaining or acquiring  
3 flood insurance, including, where applicable, lower-  
4 cost preferred risk policies under this title for such  
5 properties and the contents of such properties; and

6           “(5) encouraging such owners and renters to  
7 maintain or acquire such coverage.

8           “(c) COST SHARING REQUIREMENT.—

9           “(1) IN GENERAL.—In any fiscal year, the Di-  
10 rector may not provide a grant under this section to  
11 a local governmental agency in an amount exceeding  
12 3 times the amount that the agency certifies, as the  
13 Director shall require, that the agency will con-  
14 tribute from non-Federal funds to be used with  
15 grant amounts only for carrying out activities de-  
16 scribed in subsection (b).

17           “(2) NON-FEDERAL FUNDS.—For purposes of  
18 this subsection, the term ‘non-Federal funds’ in-  
19 cludes State or local government agency amounts,  
20 in-kind contributions, any salary paid to staff to  
21 carry out the eligible activities of the grant recipient,  
22 the value of the time and services contributed by vol-  
23 unteers to carry out such services (at a rate deter-  
24 mined by the Director), and the value of any do-

1 nated material or building and the value of any lease  
2 on a building.

3 “(d) ADMINISTRATIVE COST LIMITATION.—Notwith-  
4 standing subsection (b), the Director may use not more  
5 than 5 percent of amounts made available under sub-  
6 section (g) to cover salaries, expenses, and other adminis-  
7 trative costs incurred by the Director in making grants  
8 and provide assistance under this section.

9 “(e) APPLICATION AND SELECTION.—

10 “(1) IN GENERAL.—The Director shall provide  
11 for local governmental agencies described in sub-  
12 section (a) to submit applications for grants under  
13 this section and for competitive selection, based on  
14 criteria established by the Director, of agencies sub-  
15 mitting such applications to receive such grants.

16 “(2) SELECTION CONSIDERATIONS.—In select-  
17 ing applications of local government agencies to re-  
18 ceive grants under paragraph (1), the Director shall  
19 consider—

20 “(A) the existence of a cooperative tech-  
21 nical partner agreement between the local gov-  
22 ernmental agency and the Federal Emergency  
23 Management Agency;

24 “(B) the history of flood losses in the rel-  
25 evant area that have occurred to properties,

1 both inside and outside the special flood haz-  
2 ards zones, which are not covered by flood in-  
3 surance coverage;

4 “(C) the estimated percentage of high-risk  
5 properties located in the relevant area that are  
6 not covered by flood insurance;

7 “(D) demonstrated success of the local  
8 governmental agency in generating voluntary  
9 purchase of flood insurance; and

10 “(E) demonstrated technical capacity of  
11 the local governmental agency for outreach to  
12 individual property owners.

13 “(f) DIRECT OUTREACH BY FEMA.—In each fiscal  
14 year that amounts for grants are made available pursuant  
15 to subsection (h), the Director may use not more than 50  
16 percent of such amounts to carry out, and to enter into  
17 contracts with other entities to carry out, activities de-  
18 scribed in subsection (b) in areas that the Director deter-  
19 mines have the most immediate need for such activities.

20 “(g) REPORTING.—Each local government agency  
21 that receives a grant under this section, and each entity  
22 that receives amounts pursuant to subsection (f), shall  
23 submit a report to the Director, not later than 12 months  
24 after such amounts are first received, which shall include  
25 such information as the Director considers appropriate to

1 describe the activities conducted using such amounts and  
2 the effect of such activities on the retention or acquisition  
3 of flood insurance coverage.

4 “(h) AUTHORIZATION OF APPROPRIATIONS.—There  
5 is authorized to be appropriated for grants under this sec-  
6 tion \$50,000,000 for each of fiscal years 2011 through  
7 2015.”.

8 **SEC. 15. NOTICE OF AVAILABILITY OF FLOOD INSURANCE**  
9 **AND ESCROW IN RESPA GOOD FAITH ESTI-**  
10 **MATE.**

11 Subsection (c) of section 5 of the Real Estate Settle-  
12 ment Procedures Act of 1974 (12 U.S.C. 2604(c)) is  
13 amended by adding at the end the following new sentence:  
14 “Each such good faith estimate shall include the following  
15 conspicuous statements and information: (1) that flood in-  
16 surance coverage for residential real estate is generally  
17 available under the national flood insurance program  
18 whether or not the real estate is located in an area having  
19 special flood hazards and that, to obtain such coverage,  
20 a home owner or purchaser should contact the national  
21 flood insurance program; (2) a telephone number and a  
22 location on the Internet by which a home owner or pur-  
23 chaser can contact the national flood insurance program;  
24 and (3) that the escrowing of flood insurance payments  
25 is required for many loans under section 102(d) of the

1 Flood Disaster Protection Act of 1973, and may be a con-  
2 venient and available option with respect to other loans.”.

3 **SEC. 16. AUTHORIZATION OF ADDITIONAL FEMA STAFF.**

4 Notwithstanding any other provision of law, the Di-  
5 rector of the Federal Emergency Management Agency  
6 may employ such additional staff as may be necessary to  
7 carry out all of the responsibilities of the Director pursu-  
8 ant to this Act and the amendments made by this Act.  
9 There are authorized to be appropriated to Director such  
10 sums as may be necessary for costs of employing such ad-  
11 ditional staff.

12 **SEC. 17. PLAN TO VERIFY MAINTENANCE OF FLOOD INSUR-**  
13 **ANCE ON MISSISSIPPI AND LOUISIANA PROP-**  
14 **ERTIES RECEIVING EMERGENCY SUPPLE-**  
15 **MENTAL FUNDS.**

16 The Secretary of Housing and Urban Development  
17 and the Director of the Federal Emergency Management  
18 Agency shall jointly develop and implement a plan to  
19 verify that persons receiving funds under the Homeowner  
20 Grant Assistance Program of the State of Mississippi or  
21 the Road Home Program of the State of Louisiana from  
22 amounts allocated to the State of Mississippi or the State  
23 of Louisiana, respectively, from the Community develop-  
24 ment fund under the Emergency Supplemental Appropria-  
25 tions Act to Address Hurricanes in the Gulf of Mexico and

1 Pandemic Influenza, 2006 (Public Law 109–148) are  
2 maintaining flood insurance on the property for which  
3 such persons receive such funds as required by each such  
4 Program.

5 **SEC. 18. FLOOD INSURANCE ADVOCATE.**

6 Chapter II of the National Flood Insurance Act of  
7 1968 is amended by inserting after section 1330 (42  
8 U.S.C. 4041) the following new section:

9 **“SEC. 1330A. OFFICE OF THE FLOOD INSURANCE ADVOCATE.**  
10 **CATE.**

11 **“(a) ESTABLISHMENT OF POSITION.—**

12 **“(1) IN GENERAL.—**There shall be in the Fed-  
13 eral Emergency Management Agency an Office of  
14 the Flood Insurance Advocate which shall be headed  
15 by the National Flood Insurance Advocate. The Na-  
16 tional Flood Insurance Advocate shall report directly  
17 to the Director and shall, to the extent amounts are  
18 provided pursuant to subsection (f), be compensated  
19 at the same rate as the highest rate of basic pay es-  
20 tablished for the Senior Executive Service under sec-  
21 tion 5382 of title 5, United States Code, or, if the  
22 Director so determines, at a rate fixed under section  
23 9503 of such title.

24 **“(2) APPOINTMENT.—**The National Flood In-  
25 surance Advocate shall be appointed by the Director,

1 and without regard to the provisions of title 5,  
2 United States Code, relating to appointments in the  
3 competitive service or the Senior Executive Service.

4 “(3) QUALIFICATIONS.—An individual ap-  
5 pointed under paragraph (2) shall have a back-  
6 ground in customer service as well as insurance.

7 “(4) STAFF.—To the extent amounts are pro-  
8 vided pursuant to subsection (f), the National Flood  
9 Insurance Advocate may employ such personnel as  
10 may be necessary to carry out the duties of the Of-  
11 fice.

12 “(b) FUNCTIONS OF OFFICE.—

13 “(1) IN GENERAL.—It shall be the function of  
14 the Office of the Flood Insurance Advocate to—

15 “(A) assist insureds under the national  
16 flood insurance program in resolving problems  
17 with the Federal Emergency Management  
18 Agency relating to such program;

19 “(B) identify areas in which such insureds  
20 have problems in dealings with the Agency re-  
21 lating to such program; and

22 “(C) identify potential legislative, adminis-  
23 trative, or regulatory changes which may be ap-  
24 propriate to mitigate such problems.

25 “(2) ANNUAL REPORTS.—

1           “(A) ACTIVITIES.—Not later than Decem-  
2 ber 31 of each calendar year, the National  
3 Flood Insurance Advocate shall report to the  
4 Committee on Financial Services of the House  
5 of Representatives and the Committee on Bank-  
6 ing, Housing, and Urban Affairs of the Senate  
7 on the activities of the Office of the Flood In-  
8 surance Advocate during the fiscal year ending  
9 during such calendar year. Any such report  
10 shall contain full and substantive analysis, in  
11 addition to statistical information, and shall—

12                   “(i) identify the initiatives the Office  
13 of the Flood Insurance Advocate has taken  
14 on improving services for insureds under  
15 the national flood insurance program and  
16 responsiveness of the Federal Emergency  
17 Management Agency with respect to such  
18 program;

19                   “(ii) identify areas of the law or regu-  
20 lations relating to the national flood insur-  
21 ance program that impose significant com-  
22 pliance burdens on such insureds or the  
23 Federal Emergency Management Agency,  
24 including specific recommendations for  
25 remedying these problems; and

1                   “(iii) include such other information  
2                   as the National Flood Insurance Advocate  
3                   may deem advisable.

4                   “(B) DIRECT SUBMISSION OF REPORT.—  
5                   Each report required under this paragraph  
6                   shall be provided directly to the committees  
7                   identified in subparagraph (A) without any  
8                   prior review or comment from the Director, the  
9                   Secretary of Homeland Security, or any other  
10                  officer or employee of the Federal Emergency  
11                  Management Agency or the Department of  
12                  Homeland Security, or the Office of Manage-  
13                  ment and Budget.

14                  “(c) FUNDING.—Pursuant to section 1310(a)(4), the  
15                  Director may use amounts from the National Flood Insur-  
16                  ance Fund to fund the activities of the Office of the Flood  
17                  Advocate in each of fiscal years 2011 through 2016, ex-  
18                  cept that the amount so used in each such fiscal year may  
19                  not exceed \$5,000,000 and shall remain available until ex-  
20                  pended. Notwithstanding any other provision of this title,  
21                  amounts made available pursuant to this subsection shall  
22                  not be subject to offsetting collections through premium  
23                  rates for flood insurance coverage under this title.”.

1 **SEC. 19. STUDY REGARDING MANDATORY PURCHASE RE-**  
2 **QUIREMENT FOR NATURAL 100-YEAR FLOOD-**  
3 **PLAIN AND NON-FEDERALLY RELATED**  
4 **LOANS.**

5 (a) IN GENERAL.—The Comptroller General shall  
6 conduct a study to assess the impact, effectiveness, and  
7 feasibility of, and basis under the Constitution of the  
8 United States for, amending the provisions of the Flood  
9 Disaster Protection Act of 1973 regarding the properties  
10 that are subject to the mandatory flood insurance coverage  
11 purchase requirements under such Act to extend such re-  
12 quirements to any property that is located in any area hav-  
13 ing special flood hazards and which secures the repayment  
14 of a loan that is not described in paragraph (1), (2), or  
15 (3) of section 102(b) of such Act, and shall determine how  
16 best to administer and enforce such a requirement, taking  
17 into consideration other insurance purchase requirements  
18 under Federal and State law.

19 (b) REPORT.—The Comptroller General shall submit  
20 a report to the Congress regarding the results and conclu-  
21 sions of the study under subsection (a) not later than the  
22 expiration of the 6-month period beginning on the date  
23 of the enactment of this Act.

1 **SEC. 20. STUDY OF METHODS TO INCREASE FLOOD INSUR-**  
2 **ANCE PROGRAM PARTICIPATION BY LOW-IN-**  
3 **COME FAMILIES.**

4 (a) IN GENERAL.—The Comptroller General of the  
5 United States shall conduct a study to identify and ana-  
6 lyze potential methods, practices, and incentives that  
7 would increase the extent to which low-income families (as  
8 such term is defined in section 3(b) of the United States  
9 Housing Act of 1937 (42 U.S.C. 1437a(b))) that own resi-  
10 dential properties located within areas having special flood  
11 hazards purchase flood insurance coverage for such prop-  
12 erties under the national flood insurance program. In con-  
13 ducting the study, the Comptroller General shall analyze  
14 the effectiveness and costs of the various methods, prac-  
15 tices, and incentives identified, including their effects on  
16 the national flood insurance program.

17 (b) REPORT.—The Comptroller General shall submit  
18 to the Congress a report setting forth the conclusions of  
19 the study under this section not later than 12 months  
20 after the date of the enactment of this Act.

21 **SEC. 21. REPORT ON INCLUSION OF BUILDING CODES IN**  
22 **FLOODPLAIN MANAGEMENT CRITERIA.**

23 Not later than the expiration of the 6-month period  
24 beginning on the date of the enactment of this Act, the  
25 Director of the Federal Emergency Management Agency  
26 shall conduct a study and submit a report to the Com-

1 mittee on Financial Services of the House of Representa-  
2 tives and the Committee on Banking, Housing, and Urban  
3 Affairs of the Senate regarding the impact, effectiveness,  
4 and feasibility of amending section 1361 of the National  
5 Flood Insurance Act of 1968 (42 U.S.C. 4102) to include  
6 widely used and nationally recognized building codes as  
7 part of the floodplain management criteria developed  
8 under such section, and shall determine—

9           (1) the regulatory, financial, and economic im-  
10         pacts of such a building code requirement on home-  
11         owners, States and local communities, local land use  
12         policies, and the Federal Emergency Management  
13         Agency;

14           (2) the resources required of State and local  
15         communities to administer and enforce such a build-  
16         ing code requirement;

17           (3) the effectiveness of such a building code re-  
18         quirement in reducing flood-related damage to build-  
19         ings and contents;

20           (4) the impact of such a building code require-  
21         ment on the actuarial soundness of the National  
22         Flood Insurance Program;

23           (5) the effectiveness of nationally recognized  
24         codes in allowing innovative materials and systems  
25         for flood-resistant construction; and

1           (6) the feasibility and effectiveness of providing  
2           an incentive in lower premium rates for flood insur-  
3           ance coverage under such Act for structures meeting  
4           whichever of such widely used and nationally recog-  
5           nized building code or any applicable local building  
6           code provides greater protection from flood damage.

○