H. R. 1309

[Report No. 112–102]

To extend the authorization of the national flood insurance program, to achieve reforms to improve the financial integrity and stability of the program, and to increase the role of private markets in the management of flood insurance risk, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 2011

Mrs. Biggert (for herself, Ms. Waters, Mr. Dold, Mr. Garrett, Mr. Stivers, and Mrs. Capito) introduced the following bill; which was referred to the Committee on Financial Services

JUNE 9, 2011

Additional sponsors: Mr. Hinojosa, Mr. Rahall, Mr. McKinley, Mr. Bili-rakis, Mr. Harper, Mr. Bishop of Georgia, Mr. Sires, Mr. Al Green of Texas, Ms. Eshoo, Mr. Sessions, Mr. Hultgren, Mr. Doggett, Mr. Holden, and Mrs. McCarthy of New York

JUNE 9, 2011

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on April 1, 2011]
A BILL

To extend the authorization of the national flood insurance program, to achieve reforms to improve the financial integrity and stability of the program, and to increase the role of private markets in the management of flood insurance risk, and for other purposes.
Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Flood Insurance Reform Act of 2011”.

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

Sec. 1. Short title and table of contents.
Sec. 2. Extensions.
Sec. 3. Mandatory purchase.
Sec. 4. Reforms of coverage terms.
Sec. 5. Reforms of premium rates.
Sec. 6. Technical Mapping Advisory Council.
Sec. 7. FEMA incorporation of new mapping protocols.
Sec. 8. Treatment of levees.
Sec. 9. Privatization initiatives.
Sec. 10. FEMA annual report on insurance program.
Sec. 11. Actuarial rates for severe repetitive loss properties refusing mitigation or purchase offers.
Sec. 12. Mitigation assistance.
Sec. 13. Grants for direct funding of mitigation activities for individual repetitive claims properties.
Sec. 14. Notification to homeowners regarding mandatory purchase requirement applicability and rate phase-ins.
Sec. 15. Notification of establishment of flood elevations.
Sec. 16. Notification to tenants of availability of contents insurance.
Sec. 17. Notification to policy holders regarding direct management of policy by FEMA.
Sec. 18. Notice of availability of flood insurance and escrow in RESPA good faith estimate.
Sec. 19. Reimbursement for costs incurred by homeowners obtaining letters of map amendment.
Sec. 20. Treatment of swimming pool enclosures outside of hurricane season.
Sec. 21. CDBG eligibility for flood insurance outreach activities and community building code administration grants.
Sec. 22. Technical corrections.
Sec. 23. Report on Write-Your-Own Program.
Sec. 24. Studies of voluntary community-based flood insurance options.
Sec. 25. Report on inclusion of building codes in floodplain management criteria.
Sec. 26. Study on graduated risk.
Sec. 27. No cause of action.
SEC. 2. EXTENSIONS.

(a) Extension of Program.—Section 1319 of the National Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended by striking “September 30, 2011” and inserting “September 30, 2016”.

(b) Extension of Financing.—Section 1309(a) of such Act (42 U.S.C. 4016(a)) is amended by striking “September 30, 2011” and inserting “September 30, 2016”.

SEC. 3. MANDATORY PURCHASE.

(a) Authority To Temporarily Suspend Mandatory Purchase Requirement.—

(1) In General.—Section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) is amended by adding at the end the following new subsection:

“(i) Authority To Temporarily Suspend Mandatory Purchase Requirement.—

“(1) Finding by Administrator That Area Is an Eligible Area.—For any area, upon a request submitted to the Administrator by a local government authority having jurisdiction over any portion of the area, the Administrator shall make a finding of whether the area is an eligible area under paragraph (3). If the Administrator finds that such area is an eligible area, the Administrator shall, in the discretion of the Administrator, designate a period during
which such finding shall be effective, which shall not
be longer in duration than 12 months.

“(2) Suspension of Mandatory Purchase Re-
quirement.—If the Administrator makes a finding
under paragraph (1) that an area is an eligible area
under paragraph (3), during the period specified in
the finding, the designation of such eligible area as an
area having special flood hazards shall not be effective
for purposes of subsection (a), (b), and (e) of this sec-
tion, and section 202(a) of this Act. Nothing in this
paragraph may be construed to prevent any lender,
servicer, regulated lending institution, Federal agency
lender, the Federal National Mortgage Association, or
the Federal Home Loan Mortgage Corporation, at the
discretion of such entity, from requiring the purchase
of flood insurance coverage in connection with the
making, increasing, extending, or renewing of a loan
secured by improved real estate or a mobile home lo-
cated or to be located in such eligible area during
such period or a lender or servicer from purchasing
coverage on behalf of a borrower pursuant to sub-
section (e).

“(3) Eligible Areas.—An eligible area under
this paragraph is an area that is designated or will,
pursuant to any issuance, revision, updating, or other
change in flood insurance maps that takes effect on or after the date of the enactment of the Flood Insurance Reform Act of 2011, become designated as an area having special flood hazards and that meets any one of the following 3 requirements:

“(A) AREAS WITH NO HISTORY OF SPECIAL FLOOD HAZARDS.—The area does not include any area that has ever previously been designated as an area having special flood hazards.

“(B) AREAS WITH FLOOD PROTECTION SYSTEMS UNDER IMPROVEMENTS.—The area was intended to be protected by a flood protection system—

“(i) that has been decertified, or is required to be certified, as providing protection for the 100-year frequency flood standard;

“(ii) that is being improved, constructed, or reconstructed; and

“(iii) for which the Administrator has determined measurable progress toward completion of such improvement, construction, reconstruction is being made and toward securing financial commitments sufficient to fund such completion.
“(C) AREAS FOR WHICH APPEAL HAS BEEN FILED.—An area for which a community has appealed—

“(i) designation of the area as having special flood hazards in a timely manner under section 1363; or

“(ii) any decertification or deaccreditation of a dam, levee, or other flood protection system or the level of protection afforded by a dam, levee, or system.

“(4) EXTENSION OF DELAY.—Upon a request submitted by a local government authority having jurisdiction over any portion of the eligible area, the Administrator may extend the period during which a finding under paragraph (1) shall be effective, except that—

“(A) each such extension under this paragraph shall not be for a period exceeding 12 months; and

“(B) for any area, the cumulative number of such extensions may not exceed 2.

“(5) RULE OF CONSTRUCTION.—Nothing in this subsection may be construed to affect the applicability of a designation of any area as an area having special flood hazards for purposes of the availability of
flood insurance coverage, criteria for land management and use, notification of flood hazards, eligibility for mitigation assistance, or any other purpose or provision not specifically referred to in paragraph (2).

“(6) REPORTS.—The Administrator shall, in each annual report submitted pursuant to section 1320, include information identifying each finding under paragraph (1) by the Administrator during the preceding year that an area is an area having special flood hazards, the basis for each such finding, any extensions pursuant to paragraph (4) of the periods of effectiveness of such findings, and the reasons for such extensions.”.

(2) NO REFUNDS.—Nothing in this subsection or the amendments made by this subsection may be construed to authorize or require any payment or refund for flood insurance coverage purchased for any property that covered any period during which such coverage is not required for the property pursuant to the applicability of the amendment made by paragraph (1).

(b) TERMINATION OF FORCE-PLACED INSURANCE.—

Section 102(e) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(e)) is amended—
(1) in paragraph (2), by striking “insurance.” and inserting “insurance, including premiums or fees incurred for coverage beginning on the date on which flood insurance coverage lapsed or did not provide a sufficient coverage amount.”;

(2) by redesignating paragraphs (3) and (4) as paragraphs (5) and 6), respectively; and

(3) by inserting after paragraph (2) the following new paragraphs:

“(3) TERMINATION OF FORCE-PLACED INSURANCE.—Within 30 days of receipt by the lender or servicer of a confirmation of a borrower’s existing flood insurance coverage, the lender or servicer shall—

“(A) terminate the force-placed insurance;

and

“(B) refund to the borrower all force-placed insurance premiums paid by the borrower during any period during which the borrower’s flood insurance coverage and the force-placed flood insurance coverage were each in effect, and any related fees charged to the borrower with respect to the force-placed insurance during such period.

“(4) SUFFICIENCY OF DEMONSTRATION.—For purposes of confirming a borrower’s existing flood insurance coverage, a lender or servicer for a loan shall
accept from the borrower an insurance policy declarations page that includes the existing flood insurance policy number and the identity of, and contact information for, the insurance company or agent.”.

(c) Use of Private Insurance to Satisfy Mandatory Purchase Requirement.—Section 102(b) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(b)) is amended—

(1) in paragraph (1)—

(A) by striking “lending institutions not to make” and inserting “lending institutions—

“(A) not to make”;

(B) in subparagraph (A), as designated by subparagraph (A) of this paragraph, by striking “less.” and inserting “less; and”; and

(C) by adding at the end the following new subparagraph:

“(B) to accept private flood insurance as satisfaction of the flood insurance coverage requirement under subparagraph (A) if the coverage provided by such private flood insurance meets the requirements for coverage under such subparagraph.”;

(2) in paragraph (2), by inserting after “provided in paragraph (1).” the following new sentence:
“Each Federal agency lender shall accept private flood insurance as satisfaction of the flood insurance coverage requirement under the preceding sentence if the flood insurance coverage provided by such private flood insurance meets the requirements for coverage under such sentence.”;

(3) in paragraph (3), in the matter following subparagraph (B), by adding at the end the following new sentence: “The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation shall accept private flood insurance as satisfaction of the flood insurance coverage requirement under the preceding sentence if the flood insurance coverage provided by such private flood insurance meets the requirements for coverage under such sentence.”; and

(4) by adding at the end the following new paragraph:

“(5) PRIVATE FLOOD INSURANCE DEFINED.—In this subsection, the term ‘private flood insurance’ means a contract for flood insurance coverage allowed for sale under the laws of any State.”.
SEC. 4. REFORMS OF COVERAGE TERMS.

(a) MINIMUM DEDUCTIBLES FOR CLAIMS.—Section 1312 of the National Flood Insurance Act of 1968 (42 U.S.C. 4019) is amended—

(1) by striking “The Director is” and inserting the following: “(a) IN GENERAL.—The Administrator is”; and

(2) by adding at the end the following:

“(b) MINIMUM ANNUAL DEDUCTIBLES.—

“(1) SUBSIDIZED RATE PROPERTIES.—For any structure that is covered by flood insurance under this title, and for which the chargeable rate for such coverage is less than the applicable estimated risk premium rate under section 1307(a)(1) for the area (or subdivision thereof) in which such structure is located, the minimum annual deductible for damage to or loss of such structure shall be $2,000.

“(2) ACTUARIAL RATE PROPERTIES.—For any structure that is covered by flood insurance under this title, for which the chargeable rate for such coverage is not less than the applicable estimated risk premium rate under section 1307(a)(1) for the area (or subdivision thereof) in which such structure is located, the minimum annual deductible for damage to or loss of such structure shall be $1,000.”.
(b) Clarification of Residential and Commercial Coverage Limits.—Section 1306(b) of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(b)) is amended—

(1) in paragraph (2)—

(A) by striking “in the case of any residential property” and inserting “in the case of any residential building designed for the occupancy of from one to four families”; and

(B) by striking “shall be made available to every insured upon renewal and every applicant for insurance so as to enable such insured or applicant to receive coverage up to a total amount (including such limits specified in paragraph (1)(A)(i)) of $250,000” and inserting “shall be made available, with respect to any single such building, up to an aggregate liability (including such limits specified in paragraph (1)(A)(i)) of $250,000”; and

(2) in paragraph (4)—

(A) by striking “in the case of any nonresidential property, including churches,” and inserting “in the case of any nonresidential building, including a church,”; and
(B) by striking “shall be made available to every insured upon renewal and every applicant for insurance, in respect to any single structure, up to a total amount (including such limit specified in subparagraph (B) or (C) of paragraph (1), as applicable) of $500,000 for each structure and $500,000 for any contents related to each structure” and inserting “shall be made available with respect to any single such building, up to an aggregate liability (including such limits specified in subparagraph (B) or (C) of paragraph (1), as applicable) of $500,000, and coverage shall be made available up to a total of $500,000 aggregate liability for contents owned by the building owner and $500,000 aggregate liability for each unit within the building for contents owned by the tenant”.

(c) INDEXING OF MAXIMUM COVERAGE LIMITS.—Subsection (b) of section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(b)) is amended—

(1) in paragraph (4), by striking “and” at the end;

(2) in paragraph (5), by striking the period at the end and inserting “; and”;
(3) by redesignating paragraph (5) as paragraph (7); and

(4) by adding at the end the following new paragraph:

“(8) each of the dollar amount limitations under paragraphs (2), (3), (4), (5), and (6) shall be adjusted effective on the date of the enactment of the Flood Insurance Reform Act of 2011, such adjustments shall be calculated using the percentage change, over the period beginning on September 30, 1994, and ending on such date of enactment, in such inflationary index as the Administrator shall, by regulation, specify, and the dollar amount of such adjustment shall be rounded to the next lower dollar; and the Administrator shall cause to be published in the Federal Register the adjustments under this paragraph to such dollar amount limitations; except that in the case of coverage for a property that is made available, pursuant to this paragraph, in an amount that exceeds the limitation otherwise applicable to such coverage as specified in paragraph (2), (3), (4), (5), or (6), the total of such coverage shall be made available only at chargeable rates that are not less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1).”.
(d) Optional Coverage for Loss of Use of Personal Residence and Business Interruption.—Subsection (b) of section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(b)), as amended by the preceding provisions of this section, is further amended by inserting after paragraph (4) the following new paragraphs:

“(5) the Administrator may provide that, in the case of any residential property, each renewal or new contract for flood insurance coverage may provide not more than $5,000 aggregate liability per dwelling unit for any necessary increases in living expenses incurred by the insured when losses from a flood make the residence unfit to live in, except that—

“(A) purchase of such coverage shall be at the option of the insured;

“(B) any such coverage shall be made available only at chargeable rates that are not less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1); and

“(C) the Administrator may make such coverage available only if the Administrator makes a determination and causes notice of such determination to be published in the Federal Register that—
“(i) a competitive private insurance market for such coverage does not exist; and

“(ii) the national flood insurance program has the capacity to make such coverage available without borrowing funds from the Secretary of the Treasury under section 1309 or otherwise;

“(6) the Administrator may provide that, in the case of any commercial property or other residential property, including multifamily rental property, coverage for losses resulting from any partial or total interruption of the insured’s business caused by damage to, or loss of, such property from a flood may be made available to every insured upon renewal and every applicant, up to a total amount of $20,000 per property, except that—

“(A) purchase of such coverage shall be at the option of the insured;

“(B) any such coverage shall be made available only at chargeable rates that are not less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1); and

“(C) the Administrator may make such coverage available only if the Administrator makes
a determination and causes notice of such determination to be published in the Federal Register that—

“(i) a competitive private insurance market for such coverage does not exist; and

“(ii) the national flood insurance program has the capacity to make such coverage available without borrowing funds from the Secretary of the Treasury under section 1309 or otherwise;”.

(e) Payment of premiums in installments for residential properties.—Section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013) is amended by adding at the end the following new subsection:

“(d) Payment of premiums in installments for residential properties.—

“(1) Authority.—In addition to any other terms and conditions under subsection (a), such regulations shall provide that, in the case of any residential property, premiums for flood insurance coverage made available under this title for such property may be paid in installments.

“(2) Limitations.—In implementing the authority under paragraph (1), the Administrator may establish increased chargeable premium rates and sur-
charges, and deny coverage and establish such other 
sanctions, as the Administrator considers necessary to 
ensure that insureds purchase, pay for, and maintain 
coverage for the full term of a contract for flood insur-
ance coverage or to prevent insureds from purchasing 
coverage only for periods during a year when risk of 
flooding is comparatively higher or canceling coverage 
for periods when such risk is comparatively lower.”.

SEC. 5. REFORMS OF PREMIUM RATES.

(a) Increase in Annual Limitation on Premium 
Increases.—Section 1308(e) of the National Flood Insur-
ance Act of 1968 (42 U.S.C. 4015(e)) is amended by strik-
ing “10 percent” and inserting “20 percent”.

(b) Phase-In of Rates for Certain Properties 
in Newly Mapped Areas.—

(1) In General.—Section 1308 of the National 
Flood Insurance Act of 1968 (42 U.S.C. 4015) is 
amended—

(A) in subsection (a), in the matter pre-
ceeding paragraph (1), by inserting “or notice” 
after “prescribe by regulation”;

(B) in subsection (c), by inserting “and 
subsection (g)” before the first comma; and

(C) by adding at the end the following new 
subsection:
“(g) 5-Year Phase-In of Flood Insurance Rates for Certain Properties in Newly Mapped Areas.—

“(1) 50 Percent Rate for Initial Year.—Notwithstanding subsection (c) or any other provision of law relating to chargeable risk premium rates for flood insurance coverage under this title, in the case of any area that was not previously designated as an area having special flood hazards and that, pursuant to any issuance, revision, updating, or other change in flood insurance maps, becomes designated as such an area, during the 12-month period that begins, except as provided in paragraph (2), upon the date that such maps, as issued, revised, updated, or otherwise changed, become effective, the chargeable premium rate for flood insurance under this title with respect to any covered property that is located within such area shall be 50 percent of the chargeable risk premium rate otherwise applicable under this title to the property.

“(2) Applicability to Preferred Risk Rate Areas.—In the case of any area described in paragraph (1) that consists of or includes an area that, as of date of the effectiveness of the flood insurance maps for such area referred to in paragraph (1) as so issued, revised, updated, or changed, is eligible for
any reason for preferred risk rate method premiums for flood insurance coverage and was eligible for such premiums as of the enactment of the Flood Insurance Reform Act of 2011, the 12-month period referred to in paragraph (1) for such area eligible for preferred risk rate method premiums shall begin upon the expiration of the period during which such area is eligible for such preferred risk rate method premiums.

“(3) PHASE-IN OF FULL ACTUARIAL RATES.—With respect to any area described in paragraph (1), upon the expiration of the 12-month period under paragraph (1) or (2), as applicable, for such area, the Administrator shall increase the chargeable risk premium rates for flood insurance under this title for covered properties in such area by 20 percent, and by 20 percent upon the expiration of each successive 12-month period thereafter until the chargeable risk premium rates comply with subsection (c).

“(4) COVERED PROPERTIES.—For purposes of the subsection, the term ‘covered property’ means any residential property occupied by its owner or a bona fide tenant as a primary residence.”.

(2) REGULATION OR NOTICE.—The Administrator of the Federal Emergency Management Agency shall issue an interim final rule or notice to imple-
ment this subsection and the amendments made by this subsection as soon as practicable after the date of the enactment of this Act.

(c) Phase-In of Actuarial Rates for Certain Properties.—

(1) In General.—Section 1308(c) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(c)) is amended—

(A) by redesignating paragraph (2) as paragraph (7); and

(B) by inserting after paragraph (1) the following new paragraphs:

“(2) Commercial Properties.—Any nonresidential property.

“(3) Second Homes and Vacation Homes.—Any residential property that is not the primary residence of any individual.

“(4) Homes Sold to New Owners.—Any single family property that—

“(A) has been constructed or substantially improved and for which such construction or improvement was started, as determined by the Administrator, before December 31, 1974, or before the effective date of the initial rate map published by the Administrator under paragraph (2)
of section 1360(a) for the area in which such
property is located, whichever is later; and

“(B) is purchased after the effective date of
this paragraph, pursuant to section 5(c)(3)(A) of
the Flood Insurance Reform Act of 2011.

“(5) HOMES DAMAGED OR IMPROVED.—Any
property that, on or after the date of the enactment
of the Flood Insurance Reform Act of 2011, has expe-
rienced or sustained—

“(A) substantial flood damage exceeding 50
percent of the fair market value of such property;
or

“(B) substantial improvement exceeding 30
percent of the fair market value of such property.

“(6) HOMES WITH MULTIPLE CLAIMS.—Any se-
vere repetitive loss property (as such term is defined
in section 1361A(b)).”.

(2) TECHNICAL AMENDMENTS.—Section 1308 of
the National Flood Insurance Act of 1968 (42 U.S.C.
4015) is amended—

(A) in subsection (c)—

(i) in the matter preceding paragraph
(1), by striking “the limitations provided
under paragraphs (1) and (2)” and insert-
ing “subsection (c)”;}
(ii) in paragraph (1), by striking “,
except” and all that follows through “sub-
section (e)”;
(B) in subsection (e), by striking “para-
graph (2) or (3)” and inserting “paragraph
(7)”.

(3) EFFECTIVE DATE AND TRANSITION.—

(A) EFFECTIVE DATE.—The amendments
made by paragraphs (1) and (2) shall apply be-
ginning upon the expiration of the 12-month pe-
riod that begins on the date of the enactment of
this Act, except as provided in subparagraph (B)
of this paragraph.

(B) TRANSITION FOR PROPERTIES COVERED
BY FLOOD INSURANCE UPON EFFECTIVE DATE.—

(i) INCREASE OF RATES OVER TIME.—

In the case of any property described in
paragraph (2), (3), (4), (5), or (6) of section
1308(c) of the National Flood Insurance Act
of 1968, as amended by paragraph (1) of
this subsection, that, as of the effective date
under subparagraph (A) of this paragraph,
is covered under a policy for flood insurance
made available under the national flood in-
surance program for which the chargeable
premium rates are less than the applicable estimated risk premium rate under section 1307(a)(1) of such Act for the area in which the property is located, the Administrator of the Federal Emergency Management Agency shall increase the chargeable premium rates for such property over time to such applicable estimated risk premium rate under section 1307(a)(1).

(ii) AMOUNT OF ANNUAL INCREASE.—Such increase shall be made by increasing the chargeable premium rates for the property (after application of any increase in the premium rates otherwise applicable to such property), once during the 12-month period that begins upon the effective date under subparagraph (A) of this paragraph and once every 12 months thereafter until such increase is accomplished, by 20 percent (or such lesser amount as may be necessary so that the chargeable rate does not exceed such applicable estimated risk premium rate or to comply with clause (iii)).

(iii) PROPERTIES SUBJECT TO PHASE-IN AND ANNUAL INCREASES.—In the case of
any pre-FIRM property (as such term is defined in section 578(b) of the National Flood Insurance Reform Act of 1974), the aggregate increase, during any 12-month period, in the chargeable premium rate for the property that is attributable to this subparagraph or to an increase described in section 1308(e) of the National Flood Insurance Act of 1968 may not exceed 20 percent.

(iv) Full Actuarial Rates.—The provisions of paragraphs (2), (3), (4), (5), and (6) of such section 1308(c) shall apply to such a property upon the accomplishment of the increase under this subparagraph and thereafter.

(d) Prohibition of Extension of Subsidized Rates to Lapsed Policies.—Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015), as amended by the preceding provisions of this Act, is further amended—

(1) in subsection (e), by inserting “or subsection (h)” after “subsection (c)”;

(2) by adding at the end the following new subsection:
“(h) Prohibition of Extension of Subsidized Rates to Lapsed Policies.—Notwithstanding any other provision of law relating to chargeable risk premium rates for flood insurance coverage under this title, the Administrator shall not provide flood insurance coverage under this title for any property for which a policy for such coverage for the property has previously lapsed in coverage as a result of the deliberate choice of the holder of such policy, at a rate less than the applicable estimated risk premium rates for the area (or subdivision thereof) in which such property is located.”.

(e) Recognition of State and Local Funding for Construction, Reconstruction, and Improvement of Flood Protection Systems in Determination of Rates.—

(1) In General.—Section 1307 of the National Flood Insurance Act of 1968 (42 U.S.C. 4014) is amended—

(A) in subsection (e)—

(i) in the first sentence, by striking “construction of a flood protection system” and inserting “construction, reconstruction, or improvement of a flood protection system (without respect to the level of Federal investment or participation)”; and
(ii) in the second sentence—

(I) by striking “construction of a flood protection system” and inserting “construction, reconstruction, or improvement of a flood protection system”; and

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

(B) in subsection (f)—

(i) in the first sentence in the matter preceding paragraph (1), by inserting “(without respect to the level of Federal investment or participation)” before the period at the end;

(ii) in the third sentence in the matter preceding paragraph (1), by inserting “, whether coastal or riverine,” after “special flood hazard”; and

(iii) in paragraph (1), by striking “a Federal agency in consultation with the local project sponsor” and inserting “the entity or entities that own, operate, maintain, or repair such system”.
(2) REGULATIONS.—The Administrator of the Federal Emergency Management Agency shall promulgate regulations to implement this subsection and the amendments made by this subsection as soon as practicable, but not more than 18 months after the date of the enactment of this Act. Paragraph (3) may not be construed to annul, alter, affect, authorize any waiver of, or establish any exception to, the requirement under the preceding sentence.

SEC. 6. TECHNICAL MAPPING ADVISORY COUNCIL.

(a) Establishment.—There is established a council to be known as the Technical Mapping Advisory Council (in this section referred to as the “Council”).

(b) Membership.—

(1) In general.—The Council shall consist of—

(A) the Administrator of the Federal Emergency Management Agency (in this section referred to as the “Administrator”), or the designee thereof;

(B) the Director of the United States Geological Survey of the Department of the Interior, or the designee thereof;

(C) the Under Secretary of Commerce for Oceans and Atmosphere, or the designee thereof;
(D) the commanding officer of the United States Army Corps of Engineers, or the designee thereof;

(E) the chief of the Natural Resources Conservation Service of the Department of Agriculture, or the designee thereof;

(F) the Director of the United States Fish and Wildlife Service of the Department of the Interior, or the designee thereof;

(G) the Assistant Administrator for Fisheries of the National Oceanic and Atmospheric Administration of the Department of Commerce, or the designee thereof; and

(H) 14 additional members to be appointed by the Administrator of the Federal Emergency Management Agency, who shall be—

(i) an expert in data management;

(ii) an expert in real estate;

(iii) an expert in insurance;

(iv) a member of a recognized regional flood and storm water management organization;

(v) a representative of a State emergency management agency or association or organization for such agencies;
(vi) a member of a recognized professional surveying association or organization;

(vii) a member of a recognized professional mapping association or organization;

(viii) a member of a recognized professional engineering association or organization;

(ix) a member of a recognized professional association or organization representing flood hazard determination firms;

(x) a representative of State national flood insurance coordination offices;

(xi) representatives of two local governments, at least one of whom is a local levee flood manager or executive, designated by the Federal Emergency Management Agency as Cooperating Technical Partners; and

(xii) representatives of two State governments designated by the Federal Emergency Management Agency as Cooperating Technical States.

(2) QUALIFICATIONS.—Members of the Council shall be appointed based on their demonstrated knowledge and competence regarding surveying, cartog-
raphy, remote sensing, geographic information systems, or the technical aspects of preparing and using flood insurance rate maps. In appointing members under paragraph (1)(I), the Administrator shall ensure that the membership of the Council has a balance of Federal, State, local, and private members.

(c) DUTIES.—

(1) NEW MAPPING STANDARDS.—Not later than the expiration of the 12-month period beginning upon the date of the enactment of this Act, the Council shall develop and submit to the Administrator and the Congress proposed new mapping standards for 100-year flood insurance rate maps used under the national flood insurance program under the National Flood Insurance Act of 1968. In developing such proposed standards the Council shall—

(A) ensure that the flood insurance rate maps reflect true risk, including graduated risk that better reflects the financial risk to each property; such reflection of risk should be at the smallest geographic level possible (but not necessarily property-by-property) to ensure that communities are mapped in a manner that takes into consideration different risk levels within the community;
(B) ensure the most efficient generation, display, and distribution of flood risk data, models, and maps where practicable through dynamic digital environments using spatial database technology and the Internet;

(C) ensure that flood insurance rate maps reflect current hydrologic and hydraulic data, current land use, and topography, incorporating the most current and accurate ground and bathymetric elevation data;

(D) determine the best ways to include in such flood insurance rate maps levees, decertified levees, and areas located below dams, including determining a methodology for ensuring that decertified levees and other protections are included in flood insurance rate maps and their corresponding flood zones reflect the level of protection conferred;

(E) consider how to incorporate restored wetlands and other natural buffers into flood insurance rate maps, which may include wetlands, groundwater recharge areas, erosion zones, meander belts, endangered species habitat, barrier islands and shoreline buffer features, riparian forests, and other features;
(F) consider whether to use vertical positioning (as defined by the Administrator) for flood insurance rate maps;

(G) ensure that flood insurance rate maps differentiate between a property that is located in a flood zone and a structure located on such property that is not at the same risk level for flooding as such property due to the elevation of the structure;

(H) ensure that flood insurance rate maps take into consideration the best scientific data and potential future conditions (including projections for sea level rise); and

(I) consider how to incorporate the new standards proposed pursuant to this paragraph in existing mapping efforts.

(2) ONGOING DUTIES.—The Council shall, on an ongoing basis, review the mapping protocols developed pursuant to paragraph (1), and make recommendations to the Administrator when the Council determines that mapping protocols should be altered.

(3) MEETINGS.—In carrying out its duties under this section, the Council shall consult with stakeholders through at least 4 public meetings annually, and shall seek input of all stakeholder interests in-
including State and local representatives, environmental and conservation organizations, insurance industry representatives, advocacy groups, planning organizations, and mapping organizations.

(d) **PROHIBITION ON COMPENSATION.**—Members of the Council shall receive no additional compensation by reason of their service on the Council.

(e) **CHAIRPERSON.**—The Administrator shall serve as the Chairperson of the Council.

(f) **STAFF.**—

(1) **FEMA.**—Upon the request of the Council, the Administrator may detail, on a nonreimbursable basis, personnel of the Federal Emergency Management Agency to assist the Council in carrying out its duties.

(2) **OTHER FEDERAL AGENCIES.**—Upon request of the Council, any other Federal agency that is a member of the Council may detail, on a non-reimbursable basis, personnel to assist the Council in carrying out its duties.

(g) **POWERS.**—In carrying out this section, the Council may hold hearings, receive evidence and assistance, provide information, and conduct research, as the Council considers appropriate.
(h) **TERMINATION.**—The Council shall terminate upon
the expiration of the 5-year period beginning on the date
of the enactment of this Act.

**SEC. 7. FEMA INCORPORATION OF NEW MAPPING PROTOCOLS.**

(a) **NEW RATE MAPPING STANDARDS.**—Not later than
the expiration of the 6-month period beginning upon sub-
mission by the Technical Mapping Advisory Council under
section 6 of the proposed new mapping standards for flood
insurance rate maps used under the national flood insur-
ance program developed by the Council pursuant to section
6(c), the Administrator of the Federal Emergency Manage-
ment Agency (in this section referred to as the “Adminis-
trator”) shall establish new standards for such rate maps
based on such proposed new standards and the rec-
ommendations of the Council.

(b) **REQUIREMENTS.**—The new standards for flood in-
surance rate maps established by the Administrator pursu-
ant to subsection (a) shall—

(1) delineate and include in any such rate
maps—

(A) all areas located within the 100-year
flood plain;
(B) areas of residual risk, including areas behind levees, dams, and other man-made structures; and

(C) areas subject to graduated and other risk levels, to the maximum extent possible;

(2) ensure that any such rate maps—

(A) include levees, including decertified levees, and the level of protection they confer;

(B) reflect current land use and topography and incorporate the most current and accurate ground level data;

(C) take into consideration the impacts and use of fill and the flood risks associated with altered hydrology;

(D) differentiate between a property that is located in a flood zone and a structure located on such property that is not at the same risk level for flooding as such property due to the elevation of the structure;

(E) identify and incorporate natural features and their associated flood protection benefits into mapping and rates; and

(F) identify, analyze, and incorporate the impact of significant changes to building and development throughout any river or costal water
system, including all tributaries, which may impact flooding in areas downstream; and

(3) provide that such rate maps are developed on a watershed basis.

(c) REPORT.—If, in establishing new standards for flood insurance rate maps pursuant to subsection (a) of this section, the Administrator does not implement all of the recommendations of the Council made under the proposed new mapping standards developed by the Council pursuant to section 6(c), upon establishment of the new standards the Administrator shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate specifying which such recommendations were not adopted and explaining the reasons such recommendations were not adopted.

(d) IMPLEMENTATION.—The Administrator shall, not later than the expiration of the 6-month period beginning upon establishment of the new standards for flood insurance rate maps pursuant to subsection (a) of this section, commence use of the new standards and updating of flood insurance rate maps in accordance with the new standards. Not later than the expiration of the 5-year period beginning upon the establishment of such new standards, the Administrator shall complete updating of all flood insurance rate
maps in accordance with the new standards, subject to the
availability of sufficient amounts for such activities pro-
vided in appropriation Acts.

(e) TEMPORARY SUSPENSION OF MANDATORY PUR-
CHASE REQUIREMENT FOR CERTAIN PROPERTIES.—

(1) Submission of elevation certificate.—
Subject to paragraphs (2) and (3) of this subsection,
subsections (a), (b), and (e) of section 102 of the Flood
Disaster Protection Act of 1973 (42 U.S.C. 4012a),
and section 202(a) of such Act, shall not apply to a
property located in an area designated as having a
special flood hazard if the owner of such property sub-
mits to the Administrator an elevation certificate for
such property showing that the lowest level of the pri-
mary residence on such property is at an elevation
that is at least three feet higher than the elevation of
the 100-year flood plain.

(2) Review of survey.—The Administrator
shall accept as conclusive each elevation survey sub-
mitted under paragraph (1) unless the Administrator
conducts a subsequent elevation survey and deter-
mines that the lowest level of the primary residence
on the property in question is not at an elevation that
is at least three feet higher than the elevation of the
100-year flood plain. The Administrator shall provide
any such subsequent elevation survey to the owner of such property.

(3) Determinations for Properties on Borders of Special Flood Hazard Areas.—

(A) Expedited Determination.—In the case of any survey for a property submitted to the Administrator pursuant to paragraph (1) showing that a portion of the property is located within an area having special flood hazards and that a structure located on the property is not located within such area having special flood hazards, the Administrator shall expeditiously process any request made by an owner of the property for a determination pursuant to paragraph (2) or a determination of whether the structure is located within the area having special flood hazards.

(B) Prohibition of Fee.—If the Administrator determines pursuant to subparagraph (A) that the structure on the property is not located within the area having special flood hazards, the Administrator shall not charge a fee for reviewing the flood hazard data and shall not require the owner to provide any additional elevation data.
(C) Simplification of Review Process.—The Administrator shall collaborate with private sector flood insurers to simplify the review process for properties described in subparagraph (A) and to ensure that the review process provides for accurate determinations.

(4) Termination of Authority.—This subsection shall cease to apply to a property on the date on which the Administrator updates the flood insurance rate map that applies to such property in accordance with the requirements of subsection (d).

SEC. 8. TREATMENT OF LEVEES.

Section 1360 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101) is amended by adding at the end the following new subsection:

“(k) Treatment of Levees.—The Administrator may not issue flood insurance maps, or make effective updated flood insurance maps, that omit or disregard the actual protection afforded by an existing levee, floodwall, pump or other flood protection feature, regardless of the accreditation status of such feature.”.

SEC. 9. PRIVATIZATION INITIATIVES.

(a) FEMA and GAO Reports.—Not later than the expiration of the 18-month period beginning on the date of the enactment of this Act, the Administrator of the Fed-
eral Emergency Management Agency and the Comptroller General of the United States shall each conduct a separate study to assess a broad range of options, methods, and strategies for privatizing the national flood insurance program and shall each submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate with recommendations for the best manner to accomplish such privatization.

(b) Private Risk-Management Initiatives.—

(1) Authority.—The Administrator of the Federal Emergency Management Agency may carry out such private risk-management initiatives under the national flood insurance program as the Administrator considers appropriate to determine the capacity of private insurers, reinsurers, and financial markets to assist communities, on a voluntary basis only, in managing the full range of financial risks associated with flooding.

(2) Assessment.—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Administrator shall assess the capacity of the private reinsurance, capital, and financial markets by seeking proposals to assume a portion of the program’s insurance risk and submit to
the Congress a report describing the response to such request for proposals and the results of such assessment.

(3) Protocol for release of data.—The Administrator shall develop a protocol to provide for the release of data sufficient to conduct the assessment required under paragraph (2).

(c) Reinsurance.—The National Flood Insurance Act of 1968 is amended—

(1) in section 1331(a)(2) (42 U.S.C. 4051(a)(2)), by inserting “, including as reinsurance of insurance coverage provided by the flood insurance program” before “, on such terms”;

(2) in section 1332(c)(2) (42 U.S.C. 4052(c)(2)), by inserting “or reinsurance” after “flood insurance coverage”;

(3) in section 1335(a) (42 U.S.C. 4055(a))—

(A) by inserting “(1)” after “(a)”; and

(B) by adding at the end the following new paragraph:

“(2) The Administrator is authorized to secure reinsurance coverage of coverage provided by the flood insurance program from private market insurance, reinsurance, and capital market sources at rates and on terms determined by the Administrator to be reasonable and appropriate in

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an amount sufficient to maintain the ability of the program
to pay claims and that minimizes the likelihood that the
program will utilize the borrowing authority provided
under section 1309.”;

(4) in section 1346(a) (12 U.S.C. 4082(a))—

(A) in the matter preceding paragraph (1),
by inserting “, or for purposes of securing rein-
surance of insurance coverage provided by the
program,” before “of any or all of”;

(B) in paragraph (1)—

(i) by striking “estimating” and in-
serting “Estimating”; and

(ii) by striking the semicolon at the
end and inserting a period;

(C) in paragraph (2)—

(i) by striking “receiving” and insert-
ing “Receiving”; and

(ii) by striking the semicolon at the
end and inserting a period;

(D) in paragraph (3)—

(i) by striking “making” and inserting
“Making”; and

(ii) by striking “; and” and inserting
a period;

(E) in paragraph (4)—
(i) by striking “otherwise” and inserting “Otherwise”; and

(ii) by redesignating such paragraph as paragraph (5); and

(F) by inserting after paragraph (3) the following new paragraph:

“(4) Placing reinsurance coverage on insurance provided by such program.”; and

(5) in section 1370(a)(3) (42 U.S.C. 4121(a)(3)), by inserting before the semicolon at the end the following: “, is subject to the reporting requirements of the Securities Exchange Act of 1934, pursuant to section 13(a) or 15(d) of such Act (15 U.S.C. 78m(a), 78o(d)), or is authorized by the Administrator to assume reinsurance on risks insured by the flood insurance program”.

(d) ASSESSMENT OF CLAIMS-PAYING ABILITY.—

(1) ASSESSMENT.—Not later than September 30 of each year, the Administrator of the Federal Emergency Management Agency shall conduct an assessment of the claims-paying ability of the national flood insurance program, including the program’s utilization of private sector reinsurance and reinsurance equivalents, with and without reliance on borrowing authority under section 1309 of the National Flood
Insurance Act of 1968 (42 U.S.C. 4016). In conducting the assessment, the Administrator shall take into consideration regional concentrations of coverage written by the program, peak flood zones, and relevant mitigation measures.

(2) REPORT.—The Administrator shall submit a report to the Congress of the results of each such assessment, and make such report available to the public, not later than 30 days after completion of the assessment.

SEC. 10. FEMA ANNUAL REPORT ON INSURANCE PROGRAM.

Section 1320 of the National Flood Insurance Act of 1968 (42 U.S.C. 4027) is amended—

(1) in the section heading, by striking “REPORT TO THE PRESIDENT” and inserting “ANNUAL REPORT TO CONGRESS”;

(2) in subsection (a)—

(A) by striking “biennially”;

(B) by striking “the President for submission to”; and

(C) by inserting “not later than June 30 of each year” before the period at the end;

(3) in subsection (b), by striking “biennial” and inserting “annual”; and
(4) by adding at the end the following new subsection:

“(c) **FINANCIAL STATUS OF PROGRAM.**—The report under this section for each year shall include information regarding the financial status of the national flood insurance program under this title, including a description of the financial status of the National Flood Insurance Fund and current and projected levels of claims, premium receipts, expenses, and borrowing under the program.”.

**SEC. 11. ACTUARIAL RATES FOR SEVERE REPETITIVE LOSS PROPERTIES REFUSING MITIGATION OR PURCHASE OFFERS.**

Subsection (h) of section 1361A of the National Flood Insurance Act of 1968 (42 U.S.C. 4102a(h)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B), by striking “150 percent” and all that follows through “paragraph (3)” and inserting “the applicable estimated risk premium rate for such coverage for the area (or subdivision thereof) determined in accordance with section 1307(a), subject to phase-in of such rates in the same manner provided under paragraph (2) of section 1308(g) for properties described in paragraph (1) of such section”; and
(B) by inserting after and below subpara-
graph (B) the following:

“An offer to take action under paragraph (1) or (2)
of subsection (c) shall be considered to be made for
purposes of this paragraph with respect to a severe re-
petitive loss property regardless of the time that the
offer was made and regardless of whether the Admin-
istrator has transferred financial assistance under
this section to the State or community making the
offer for funding such action, but only if the owner
of the property is provided a reasonable period of
time, not to exceed 15 days, to respond to the offer.”;

(2) by striking paragraphs (2) and (3); and

(3) by redesignating paragraphs (4) through (6)
as paragraphs (2) through (4), respectively.

**SEC. 12. MITIGATION ASSISTANCE.**

Subsection (e) of section 1366 of the National Flood
Insurance Act of 1968 (42 U.S.C. 4104c(e)) is amended by
adding at the end the following new paragraph:

“(6) **ELIGIBILITY OF DEMOLITION AND REBUILD-
ING OF PROPERTIES.**—The Administrator shall con-
sider as an eligible activity the demolition and re-
building of properties to at least base flood levels or
higher, if required by the Administrator or if required
by any State or local ordinance, and in accordance
with project implementation criteria established by
the Administrator.”.

SEC. 13. GRANTS FOR DIRECT FUNDING OF MITIGATION AC-
TIVITIES FOR INDIVIDUAL REPETITIVE
CLAIMS PROPERTIES.

(a) DIRECT GRANTS TO OWNERS.—Section 1323 of the
National Flood Insurance Act of 1968 (42 U.S.C. 4030) is
amended—

(1) in the section heading, by inserting “DI-
RECT” before “GRANTS”; and

(2) in subsection (a), in the the matter preceding
paragraph (1)—

(A) by inserting “, to owners of such prop-
erties,” before “for mitigation actions”; and

(B) by striking “1” and inserting “two”.

(b) AVAILABILITY OF FUNDS.—Paragraph (9) of sec-
tion 1310(a) of the National Flood Insurance Act of 1968
(42 U.S.C. 4017(a)) is amended by inserting “which shall
remain available until expended,” after “any fiscal year,”.

SEC. 14. NOTIFICATION TO HOMEOWNERS REGARDING
MANDATORY PURCHASE REQUIREMENT AP-
PLICABILITY AND RATE PHASE-INS.

Section 201 of the Flood Disaster Protection Act of
1973 (42 U.S.C. 4105) is amended by adding at the end
the following new subsection:
“(f) ANNUAL NOTIFICATION.—The Administrator, in consultation with affected communities, shall establish and carry out a plan to notify residents of areas having special flood hazards, on an annual basis—

“(1) that they reside in such an area;

“(2) of the geographical boundaries of such area;

“(3) of whether section 1308(h) of the National Flood Insurance Act of 1968 applies to properties within such area;

“(4) of the provisions of section 102 requiring purchase of flood insurance coverage for properties located in such an area, including the date on which such provisions apply with respect to such area, taking into consideration section 102(i); and

“(5) of a general estimate of what similar homeowners in similar areas typically pay for flood insurance coverage, taking into consideration section 1308(g) of the National Flood Insurance Act of 1968.”.

SEC. 15. NOTIFICATION OF ESTABLISHMENT OF FLOOD ELEVATIONS.

Section 1360 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:
“(l) Notification to Members of Congress of Map Modernization.—Upon any revision or update of any floodplain area or flood-risk zone pursuant to subsection (f), any decision pursuant to subsection (f)(1) that such revision or update is necessary, any issuance of preliminary maps for such revision or updating, or any other significant action relating to any such revision or update, the Administrator shall notify the Senators for each State affected, and each Member of the House of Representatives for each congressional district affected, by such revision or update in writing of the action taken.”.

SEC. 16. NOTIFICATION TO TENANTS OF AVAILABILITY OF CONTENTS INSURANCE.

The National Flood Insurance Act of 1968 is amended by inserting after section 1308 (42 U.S.C. 4015) the following new section:

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

“(a) In General.—The Administrator shall, upon entering into a contract for flood insurance coverage under this title for any property—

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

“(2) require the insured to provide a copy of the notice, or otherwise provide notification of the infor-
mation under subsection (b) in the manner that the
manager or landlord deems most appropriate, to each
such tenant and to each new tenant upon commence-
ment of such a tenancy.

“(b) NOTICE.—Notice to a tenant of a property in ac-
cordance with this subsection is written notice that clearly
informs a tenant—

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

“(2) that flood insurance coverage is available
under the national flood insurance program under
this title for contents of the unit or structure leased
by the tenant;

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

“(4) of where to obtain information regarding
how to obtain such coverage, including a telephone
number, mailing address, and Internet site of the Ad-
ministrator where such information is available.”

SEC. 17. NOTIFICATION TO POLICY HOLDERS REGARDING
DIRECT MANAGEMENT OF POLICY BY FEMA.

Part C of chapter II of the National Flood Insurance
Act of 1968 (42 U.S.C. 4081 et seq.) is amended by adding
at the end the following new section:
“SEC. 1349. NOTIFICATION TO POLICY HOLDERS REGARDING DIRECT MANAGEMENT OF POLICY BY FEMA.

“(a) NOTIFICATION.—Not later than 60 days before the date on which a transferred flood insurance policy expires, and annually thereafter until such time as the Federal Emergency Management Agency is no longer directly administering such policy, the Administrator shall notify the holder of such policy that—

“(1) the Federal Emergency Management Agency is directly administering the policy;

“(2) such holder may purchase flood insurance that is directly administered by an insurance company; and

“(3) purchasing flood insurance offered under the National Flood Insurance Program that is directly administered by an insurance company will not alter the coverage provided or the premiums charged to such holder that otherwise would be provided or charged if the policy was directly administered by the Federal Emergency Management Agency.

“(b) DEFINITION.—In this section, the term ‘transferred flood insurance policy’ means a flood insurance policy that—
“(1) was directly administered by an insurance company at the time the policy was originally purchased by the policy holder; and

“(2) at the time of renewal of the policy, direct administration of the policy was or will be transferred to the Federal Emergency Management Agency.”.

SEC. 18. NOTICE OF AVAILABILITY OF FLOOD INSURANCE AND ESCROW IN RESPA GOOD FAITH ESTIMATE.

Subsection (c) of section 5 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2604(c)) is amended by adding at the end the following new sentence: “Each such good faith estimate shall include the following conspicuous statements and information: (1) that flood insurance coverage for residential real estate is generally available under the national flood insurance program whether or not the real estate is located in an area having special flood hazards and that, to obtain such coverage, a home owner or purchaser should contact the national flood insurance program; (2) a telephone number and a location on the Internet by which a home owner or purchaser can contact the national flood insurance program; and (3) that the escrowing of flood insurance payments is required for many loans under section 102(d) of the Flood Disaster Protection
Act of 1973, and may be a convenient and available option with respect to other loans.”.

SEC. 19. REIMBURSEMENT FOR COSTS INCURRED BY HOME-OWNERS OBTAINING LETTERS OF MAP AMENDMENT.

(a) IN GENERAL.—Section 1360 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

“(m) Reimbursement.—

“(1) Requirement upon bona fide offer.—If an owner of any property located in an area described in section 102(i)(3) of the Flood Disaster Protection Act of 1973 obtains a letter of map amendment due to a bona fide error on the part of the Administrator of the Federal Emergency Management Agency, the Administrator shall reimburse such owner, or such entity or jurisdiction acting on such owner’s behalf, for any reasonable costs incurred in obtaining such letter.

“(2) Reasonable costs.—The Administrator shall, by regulation or notice, determine a reasonable amount of costs to be reimbursed under paragraph (1), except that such costs shall not include legal or attorneys fees. In determining the reasonableness of
costs, the Administrator shall only consider the actual
costs to the owner of utilizing the services of an engi-
neer, surveyor, or similar services.”.

(b) REGULATIONS.—Not later than 90 days after the
date of the enactment of this Act, the Administrator of the
Federal Emergency Management Agency shall issue the reg-
ulations or notice required under section 1360(m)(2) of the
National Flood Insurance Act of 1968, as added by the
amendment made by subsection (a) of this section.

SEC. 20. TREATMENT OF SWIMMING POOL ENCLOSURES
OUTSIDE OF HURRICANE SEASON.

Chapter I of the National Flood Insurance Act of 1968
(42 U.S.C. 4001 et seq.) is amended by adding at the end
the following new section:

“SEC. 1325. TREATMENT OF SWIMMING POOL ENCLOSURES
OUTSIDE OF HURRICANE SEASON.

“In the case of any property that is otherwise in com-
pliance with the coverage and building requirements of the
national flood insurance program, the presence of an en-
closed swimming pool located at ground level or in the space
below the lowest floor of a building after November 30 and
before June 1 of any year shall have no effect on the terms
of coverage or the ability to receive coverage for such build-
ing under the national flood insurance program established
pursuant to this title, if the pool is enclosed with non-supporting breakaway walls.”.

SEC. 21. CDBG ELIGIBILITY FOR FLOOD INSURANCE OUT-REACH ACTIVITIES AND COMMUNITY BUILDING CODE ADMINISTRATION GRANTS.

Section 105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)) is amended—

(1) in paragraph (24), by striking “and” at the end;

(2) in paragraph (25), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following new paragraphs:

“(26) supplementing existing State or local funding for administration of building code enforcement by local building code enforcement departments, including for increasing staffing, providing staff training, increasing staff competence and professional qualifications, and supporting individual certification or departmental accreditation, and for capital expenditures specifically dedicated to the administration of the building code enforcement department, except that, to be eligible to use amounts as provided in this paragraph—
“(A) a building code enforcement department shall provide matching, non-Federal funds to be used in conjunction with amounts used under this paragraph in an amount—

“(i) in the case of a building code enforcement department serving an area with a population of more than 50,000, equal to not less than 50 percent of the total amount of any funds made available under this title that are used under this paragraph;

“(ii) in the case of a building code enforcement department serving an area with a population of between 20,001 and 50,000, equal to not less than 25 percent of the total amount of any funds made available under this title that are used under this paragraph; and

“(iii) in the case of a building code enforcement department serving an area with a population of less than 20,000, equal to not less than 12.5 percent of the total amount of any funds made available under this title that are used under this paragraph;
except that the Secretary may waive the matching fund requirements under this subparagraph, in whole or in part, based upon the level of economic distress of the jurisdiction in which is located the local building code enforcement department that is using amounts for purposes under this paragraph, and shall waive such matching fund requirements in whole for any recipient jurisdiction that has dedicated all building code permitting fees to the conduct of local building code enforcement; and

“(B) any building code enforcement department using funds made available under this title for purposes under this paragraph shall empanel a code administration and enforcement team consisting of at least 1 full-time building code enforcement officer, a city planner, and a health planner or similar officer; and

“(27) provision of assistance to local governmental agencies responsible for floodplain management activities (including such agencies of Indians tribes, as such term is defined in section 4 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103)) in communities that participate in the national flood insurance
program under the National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.), only for carrying out outreach activities to encourage and facilitate the purchase of flood insurance protection under such Act by owners and renters of properties in such communities and to promote educational activities that increase awareness of flood risk reduction; except that—

“(A) amounts used as provided under this paragraph shall be used only for activities designed to—

“(i) identify owners and renters of properties in communities that participate in the national flood insurance program, including owners of residential and commercial properties;

“(ii) notify such owners and renters when their properties become included in, or when they are excluded from, an area having special flood hazards and the effect of such inclusion or exclusion on the applicability of the mandatory flood insurance purchase requirement under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) to such properties;
“(iii) educate such owners and renters regarding the flood risk and reduction of this risk in their community, including the continued flood risks to areas that are no longer subject to the flood insurance mandatory purchase requirement;

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

“(v) encourage such owners and renters to maintain or acquire such coverage;

“(vi) notify such owners of where to obtain information regarding how to obtain such coverage, including a telephone number, mailing address, and Internet site of the Administrator of the Federal Emergency Management Agency (in this paragraph referred to as the ‘Administrator’) where such information is available; and

“(vii) educate local real estate agents in communities participating in the na-
tional flood insurance program regarding the program and the availability of coverage under the program for owners and renters of properties in such communities, and establish coordination and liaisons with such real estate agents to facilitate purchase of coverage under the National Flood Insurance Act of 1968 and increase awareness of flood risk reduction;

“(B) in any fiscal year, a local governmental agency may not use an amount under this paragraph that exceeds 3 times the amount that the agency certifies, as the Secretary, in consultation with the Administrator, shall require, that the agency will contribute from non-Federal funds to be used with such amounts used under this paragraph only for carrying out activities described in subparagraph (A); and for purposes of this subparagraph, the term ‘non-Federal funds’ includes State or local government agency amounts, in-kind contributions, any salary paid to staff to carry out the eligible activities of the local governmental agency involved, the value of the time and services contributed by volunteers to carry out such services (at
a rate determined by the Secretary), and the
value of any donated material or building and
the value of any lease on a building;

“(C) a local governmental agency that uses
amounts as provided under this paragraph may
coordinate or contract with other agencies and
entities having particular capacities, specialties,
or experience with respect to certain populations
or constituencies, including elderly or disabled
families or persons, to carry out activities de-
scribed in subparagraph (A) with respect to such
populations or constituencies; and

“(D) each local government agency that uses
amounts as provided under this paragraph shall
submit a report to the Secretary and the Admin-
istrator, not later than 12 months after such
amounts are first received, which shall include
such information as the Secretary and the Ad-
ministrator jointly consider appropriate to de-
scribe the activities conducted using such
amounts and the effect of such activities on the
retention or acquisition of flood insurance cov-
erage.”.
SEC. 22. TECHNICAL CORRECTIONS.

(a) Flood Disaster Protection Act of 1973.—The Flood Disaster Protection Act of 1973 (42 U.S.C. 4002 et seq.) is amended—

(1) by striking “Director” each place such term appears, except in section 102(f)(3) (42 U.S.C. 4012a(f)(3)), and inserting “Administrator”; and

(2) in section 201(b) (42 U.S.C. 4105(b)), by striking “Director’s” and inserting “Administrator’s”.


(1) by striking “Director” each place such term appears and inserting “Administrator”; and

(2) in sections 1363 (42 U.S.C. 4104), by striking “Director’s” each place such term appears and inserting “Administrator’s”.

(c) Federal Flood Insurance Act of 1956.—Section 15(e) of the Federal Flood Insurance Act of 1956 (42 U.S.C. 2414(e)) is amended by striking “Director” each place such term appears and inserting “Administrator”.

SEC. 23. REPORT ON WRITE-YOUR-OWN PROGRAM.

Not later than one year after the date of the enactment of this Act, the Administrator of the Federal Emergency Management Agency shall submit to Congress a report de-
scribing procedures and policies that the Administrator can implement to limit the percentage of flood insurance policies directly managed by the Agency to not more than 10 percent, if possible, of all flood insurance policies issued in accordance with the National Flood Insurance Program.

SEC. 24. STUDIES OF VOLUNTARY COMMUNITY-BASED FLOOD INSURANCE OPTIONS.

(a) Studies.—The Administrator of the Federal Emergency Management Agency and the Comptroller General of the United States shall each conduct a separate study to assess options, methods, and strategies for offering voluntary community-based flood insurance policy options and incorporating such options into the national flood insurance program. Such studies shall take into consideration and analyze how the policy options would affect communities having varying economic bases, geographic locations, flood hazard characteristics or classifications, and flood management approaches.

(b) Reports.—Not later than the expiration of the 18-month period beginning on the date of the enactment of this Act, the Administrator of the Federal Emergency Management Agency and the Comptroller General of the United States shall each submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the
Senate on the results and conclusions of the study such agency conducted under subsection (a), and each such report shall include recommendations for the best manner to incorporate voluntary community-based flood insurance options into the national flood insurance program and for a strategy to implement such options that would encourage communities to undertake flood mitigation activities.

SEC. 25. REPORT ON INCLUSION OF BUILDING CODES IN FLOODPLAIN MANAGEMENT CRITERIA.

Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Administrator of the Federal Emergency Management Agency shall conduct a study and submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate regarding the impact, effectiveness, and feasibility of amending section 1361 of the National Flood Insurance Act of 1968 (42 U.S.C. 4102) to include widely used and nationally recognized building codes as part of the floodplain management criteria developed under such section, and shall determine—

(1) the regulatory, financial, and economic impacts of such a building code requirement on homeowners, States and local communities, local land use
policies, and the Federal Emergency Management Agency;

(2) the resources required of State and local communities to administer and enforce such a building code requirement;

(3) the effectiveness of such a building code requirement in reducing flood-related damage to buildings and contents;

(4) the impact of such a building code requirement on the actuarial soundness of the National Flood Insurance Program;

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

(6) the feasibility and effectiveness of providing an incentive in lower premium rates for flood insurance coverage under such Act for structures meeting whichever of such widely used and nationally recognized building code or any applicable local building code provides greater protection from flood damage;

(7) the impact of such a building code requirement on rural communities with different building code challenges than more urban environments; and

(8) the impact of such a building code requirement on Indian reservations.
SEC. 26. STUDY ON GRADUATED RISK.

(a) STUDY.—The National Academy of Sciences shall conduct a study exploring methods for understanding graduated risk behind levees and the associated land development, insurance, and risk communication dimensions, which shall—

(1) research, review, and recommend current best practices for estimating direct annualized flood losses behind levees for residential and commercial structures;

(2) rank such practices based on their best value, balancing cost, scientific integrity, and the inherent uncertainties associated with all aspects of the loss estimate, including geotechnical engineering, flood frequency estimates, economic value, and direct damages;

(3) research, review, and identify current best floodplain management and land use practices behind levees that effectively balance social, economic, and environmental considerations as part of an overall flood risk management strategy;

(4) identify examples where such practices have proven effective and recommend methods and processes by which they could be applied more broadly across the United States, given the variety of different
flood risks, State and local legal frameworks, and evolving judicial opinions;

(5) research, review, and identify a variety of flood insurance pricing options for flood hazards behind levees which are actuarially sound and based on the flood risk data developed using the top three best value approaches identified pursuant to paragraph (1);

(6) evaluate and recommend methods to reduce insurance costs through creative arrangements between insureds and insurers while keeping a clear accounting of how much financial risk is being borne by various parties such that the entire risk is accounted for, including establishment of explicit limits on disaster aid or other assistance in the event of a flood; and

(7) taking into consideration the recommendations pursuant to paragraphs (1) through (3), recommend approaches to communicating the associated risks to community officials, homeowners, and other residents.

(b) REPORT.—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the National Academy of Sciences shall submit a report to the Committees on Financial Services and Science,
Space, and Technology of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and Commerce, Science and Transportation of the Senate on the study under subsection (a) including the information and recommendations required under such subsection.

SEC. 27. NO CAUSE OF ACTION.

No cause of action shall exist and no claim may be brought against the United States for violation of any notification requirement imposed upon the United States by this Act or any amendment made by this Act.
A BILL

To extend the authorization of the national flood insurance program, to achieve reforms to improve the financial integrity and stability of the program, and to increase the role of private markets in the management of flood insurance risk, and for other purposes.

JUNE 9, 2011

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed.