

## Union Calendar No. 282

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

# H. R. 5114

[Report No. 111-495]

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

MAY 26, 2010

Additional sponsors: Mr. STARK and Mr. SIRES

MAY 26, 2010

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 *italie*]

[For text of introduced bill, see copy of bill as introduced on April 22, 2010]

# **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”.*

6        (b) *TABLE OF CONTENTS.*—*The table of contents for*  
 7 *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, certain pre-FIRM 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. Notification to homeowners regarding mandatory purchase requirement applicability and rate phase-ins.*
- Sec. 12. Coverage for additional living expenses and business interruption.*
- Sec. 13. Exception to waiting period for effective date of policies.*
- Sec. 14. Minimum deductibles for claims.*
- Sec. 15. Payment of premiums in installments for low-income policyholders.*
- Sec. 16. Enforcement.*
- Sec. 17. Notification to tenants of availability of contents insurance.*
- Sec. 18. Flood insurance outreach.*
- Sec. 19. Notice of availability of flood insurance and escrow in RESPA good faith estimate.*
- Sec. 20. Authorization of additional FEMA staff.*
- Sec. 21. Plan to verify maintenance of flood insurance on Mississippi and Louisiana properties receiving emergency supplemental funds.*
- Sec. 22. Flood insurance advocate.*
- Sec. 23. Eligibility of property demolition and rebuilding under flood mitigation assistance program.*
- Sec. 24. Study regarding mandatory purchase requirement for non-federally related loans.*
- Sec. 25. Study of methods to increase flood insurance program participation by low-income families.*
- Sec. 26. Report on inclusion of building codes in floodplain management criteria.*
- Sec. 27. Study on repaying flood insurance debt.*
- Sec. 28. Study regarding impact of rate increases on pre-FIRM properties.*
- Sec. 29. Study of effects of Act.*
- Sec. 30. Rulemaking.*

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) *FINDINGS.*—*The Congress finds that—*

3 (1) *since the enactment of National Flood Insur-*  
4 *ance Act of 1968, the national flood insurance pro-*  
5 *gram has been the primary source of reliable, reason-*  
6 *ably priced, flood insurance coverage for millions of*  
7 *American homes and businesses;*

8 (2) *today over 5,500,000 homes and businesses in*  
9 *the United States rely on the national flood insurance*  
10 *program to provide a degree of financial security;*

11 (3) *although participation in the national flood*  
12 *insurance program has, in the past, largely been lim-*  
13 *ited to properties required to participate in the pro-*  
14 *gram because of the program's mandatory purchase*  
15 *requirement for properties in special flood hazard*  
16 *areas with loans from federally regulated lenders, re-*  
17 *cent annual and extraordinary flooding has resulted*  
18 *in the program enjoying its highest voluntary partici-*  
19 *pation since the establishment of the mandatory flood*  
20 *insurance purchase requirement;*

21 (4) *several years of below-average flood claims*  
22 *losses and increased voluntary participation in the*  
23 *national flood insurance program have allowed the*  
24 *program to fully service the debt incurred following*  
25 *Hurricanes Katrina and Rita and allowed the pro-*

1        *gram to pay \$598,000,000 of the principal of that*  
2        *outstanding debt;*

3                *(5) though significant reforms are needed to fur-*  
4        *ther improve the financial outlook of the national*  
5        *flood insurance program, long-term and reliable au-*  
6        *thorization of the program is an essential element to*  
7        *stabilizing the already fragile United States housing*  
8        *market;*

9                *(6) increased flooding in areas outside des-*  
10        *ignated special flood hazard areas prompted the Exec-*  
11        *utive and the Congress in 2002 to begin calling for*  
12        *the national flood insurance program to develop and*  
13        *disseminate revised, updated flood insurance rate*  
14        *maps that reflect the real risk of flooding for prop-*  
15        *erties not previously identified as being located with-*  
16        *in a special flood hazard area;*

17                *(7) dissemination of accurate, up-to-date, flood-*  
18        *risk information remains a primary goal of the na-*  
19        *tional flood insurance program and such information*  
20        *should be disseminated as soon as such information is*  
21        *collected and available;*

22                *(8) communities should be encouraged to make*  
23        *their residents aware of updated flood-risk data while*  
24        *communities are assessing and incorporating updated*  
25        *flood-risk data into long-term community planning;*

1           (9) *the maximum coverage limits for flood insur-*  
2 *ance policies should be increased to reflect inflation*  
3 *and the increased cost of housing; and*

4           (10) *phasing out flood insurance premium sub-*  
5 *sidies currently extended to vacation homes, second*  
6 *homes, and commercial properties would result in sig-*  
7 *nificant average annual savings to the national flood*  
8 *insurance program.*

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

10           (1) *to identify priorities essential to the reform*  
11 *and ongoing stable functioning of the national flood*  
12 *insurance program;*

13           (2) *to increase incentives for homeowners and*  
14 *communities to participate in the national flood in-*  
15 *surance program and to improve oversight to ensure*  
16 *better accountability of the national flood insurance*  
17 *program and the Federal Emergency Management*  
18 *Agency; and*

19           (3) *to increase awareness of homeowners of flood*  
20 *risks and improve the information regarding such*  
21 *risks provided to homeowners.*

22 **SEC. 3. EXTENSION OF NATIONAL FLOOD INSURANCE PRO-**  
23 **GRAM.**

24           (a) *PROGRAM EXTENSION.—Section 1319 of the Na-*  
25 *tional Flood Insurance Act of 1968 (42 U.S.C. 4026) is*

1 *amended by striking “September 30, 2008” and inserting*  
2 *“September 30, 2015”.*

3 (b) *FINANCING.*—Section 1309(a) of such Act (42  
4 U.S.C. 4016(a)) is amended by striking “September 30,  
5 2008” and inserting “September 30, 2015”.

6 (c) *EXTENSION OF PILOT PROGRAM FOR MITIGATION*  
7 *OF SEVERE REPETITIVE LOSS PROPERTIES.*—Section  
8 1361A of the National Flood Insurance Act of 1968 (42  
9 U.S.C. 4102a) is amended—

10 (1) *in subsection (k)(1), by striking “2005, 2006,*  
11 *2007, 2008, and 2009” and inserting “2011, 2012,*  
12 *2013, 2014, and 2015”;* and

13 (2) *by striking subsection (l).*

14 **SEC. 4. MAXIMUM COVERAGE LIMITS.**

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

17 (1) *in paragraph (2), by striking “\$250,000”*  
18 *and inserting “\$335,000”;*

19 (2) *in paragraph (3), by striking “\$100,000”*  
20 *and inserting “\$135,000”;* and

21 (3) *in paragraph (4)—*

22 (A) *by striking “\$500,000” each place such*  
23 *term appears and inserting “\$670,000”;* and

24 (B) *by inserting before “; and” the fol-*  
25 *lowing: “; except that, in the case of any nonresi-*

1           *dential property that is a structure containing*  
2           *more than one dwelling unit that is made avail-*  
3           *able for occupancy by rental (notwithstanding*  
4           *the provisions applicable to the determination of*  
5           *the risk premium rate for such property), addi-*  
6           *tional flood insurance in excess of such limits*  
7           *shall be made available to every insured upon re-*  
8           *newal and every applicant for insurance so as to*  
9           *enable any such insured or applicant to receive*  
10          *coverage up to a total amount that is equal to*  
11          *the product of the total number of such rental*  
12          *dwelling units in such property and the max-*  
13          *imum coverage limit per dwelling unit specified*  
14          *in paragraph (2); except that in the case of any*  
15          *such multi-unit, nonresidential rental property*  
16          *that is a pre-FIRM structure (as such term is*  
17          *defined in section 578(b) of the National Flood*  
18          *Insurance Reform Act of 1994 (42 U.S.C. 4014*  
19          *note)), the risk premium rate for the first*  
20          *\$500,000 of coverage shall be determined in ac-*  
21          *cordance with section 1307(a)(2) and the risk*  
22          *premium rate for any coverage in excess of such*  
23          *amount shall be determined in accordance with*  
24          *section 1307(a)(1)”.*

1 **SEC. 5. PHASE-IN OF ACTUARIAL RATES FOR NONRESIDEN-**  
2 **TIAL PROPERTIES, CERTAIN PRE-FIRM PROP-**  
3 **ERTIES, AND NON-PRIMARY RESIDENCES.**

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

7 (1) *by redesignating paragraph (2) as para-*  
8 *graph (5); 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 “(4) *RECENTLY PURCHASED PRE-FIRM SINGLE-*  
21 *FAMILY PROPERTIES USED AS PRINCIPAL*  
22 *RESIDENCIES.*—Any single family property that—

23 “(A) *has been constructed or substantially*  
24 *improved and for which such construction or im-*  
25 *provement was started, as determined by the Di-*  
26 *rector, before December 31, 1974, or before the ef-*

1        *fective date of the initial rate map published by*  
2        *the Director under paragraph (2) of section 1360*  
3        *for the area in which such property is located,*  
4        *whichever is later; and*

5                *“(B) is purchased after the date of enact-*  
6                *ment of the Flood Insurance Reform Priorities*  
7                *Act of 2010.”.*

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

11                (1) *in subsection (c)—*

12                        (A) *in the matter preceding paragraph (1),*  
13                        *by striking “the limitations provided under*  
14                        *paragraphs (1) and (2)” and inserting “sub-*  
15                        *section (e)”;* and

16                        (B) *in paragraph (1), by striking “, except”*  
17                        *and all that follows through “subsection (e)”;*  
18                        and

19                        (2) *in subsection (e), by striking “paragraph (2)*  
20                        *or (3)” and inserting “paragraph (5)”.*

21        (c) *EFFECTIVE DATE AND TRANSITION.—*

22                        (1) *EFFECTIVE DATE.—The amendments made*  
23                        *by subsections (a) and (b) shall apply beginning upon*  
24                        *the expiration of the 3-year period that begins on the*

1       *date of the enactment of this Act, except as provided*  
2       *in paragraph (2) of this subsection.*

3               (2) *TRANSITION FOR PROPERTIES COVERED BY*  
4       *FLOOD INSURANCE UPON EFFECTIVE DATE.—*

5               (A) *INCREASE OF RATES OVER TIME.—In*  
6       *the case of any property described in paragraph*  
7       *(2), (3), or (4) of section 1308(c) of the National*  
8       *Flood Insurance Act of 1968, as amended by sub-*  
9       *section (a) of this section, that, as of the effective*  
10       *date under paragraph (1) of this subsection, is*  
11       *covered under a policy for flood insurance made*  
12       *available under the national flood insurance pro-*  
13       *gram for which the chargeable premium rates*  
14       *are less than the applicable estimated risk pre-*  
15       *mium rate under section 1307(a)(1) for the area*  
16       *in which the property is located, the Director of*  
17       *the Federal Emergency Management Agency*  
18       *shall increase the chargeable premium rates for*  
19       *such property over time to such applicable esti-*  
20       *mated risk premium rate under section*  
21       *1307(a)(1).*

22               (B) *ANNUAL INCREASE.—Such increase*  
23       *shall be made by increasing the chargeable pre-*  
24       *mium rates for the property (after application of*  
25       *any increase in the premium rates otherwise ap-*

1            *plicable to such property), once during the 12-*  
2            *month period that begins upon the effective date*  
3            *under paragraph (1) of this subsection and once*  
4            *every 12 months thereafter until such increase is*  
5            *accomplished, by 20 percent (or such lesser*  
6            *amount as may be necessary so that the charge-*  
7            *able rate does not exceed such applicable esti-*  
8            *mated risk premium rate or to comply with sub-*  
9            *paragraph (C)).*

10            *(C) PROPERTIES SUBJECT TO PHASE-IN*  
11            *AND ANNUAL INCREASES.—In the case of any*  
12            *pre-FIRM property (as such term is defined in*  
13            *section 578(b) of the National Flood Insurance*  
14            *Reform Act of 1974), the aggregate increase, dur-*  
15            *ing any 12-month period, in the chargeable pre-*  
16            *mium rate for the property that is attributable*  
17            *to this paragraph or to an increase described in*  
18            *section 1308(e) of the National Flood Insurance*  
19            *Act of 1968 may not exceed 20 percent.*

20            *(D) FULL ACTUARIAL RATES.—The provi-*  
21            *sions of paragraphs (2), (3), and (4) of such sec-*  
22            *tion 1308(c) shall apply to such a property upon*  
23            *the accomplishment of the increase under this*  
24            *paragraph and thereafter.*

1 **SEC. 6. 5-YEAR DELAY IN EFFECTIVE DATE OF MANDATORY**  
2 **PURCHASE REQUIREMENT FOR NEW FLOOD**  
3 **HAZARD AREAS.**

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

7 “(i) *DELAYED EFFECTIVE DATE OF MANDATORY PUR-*  
8 *CHASE REQUIREMENT FOR NEW FLOOD HAZARD AREAS.*—

9 “(1) *IN GENERAL.*—In the case of any area that  
10 was not previously designated as an area having spe-  
11 cial flood hazards and that, pursuant to any issuance,  
12 revision, updating, or other change in flood insurance  
13 maps that takes effect on or after September 1, 2008,  
14 becomes designated as an area having special flood  
15 hazards, if each State and local government having  
16 jurisdiction over any portion of the geographic area  
17 has complied with paragraph (2), such designation  
18 shall not take effect for purposes of subsection (a), (b),  
19 or (e) of this section, or section 202(a) of this Act,  
20 until the expiration of the 5-year period beginning  
21 upon the date that such maps, as issued, revised, up-  
22 date, or otherwise changed, become effective.

23 “(2) *NOTICE REQUIREMENTS.*—A State or local  
24 government shall be considered to have complied with  
25 this paragraph with respect to any geographic area  
26 described in paragraph (1) only if the State or local

1 government has, before the effective date of the issued,  
2 revised, updated, or changed maps, and in accordance  
3 with such standards as shall be established by the Di-  
4 rector—

5 “(A) developed an evacuation plan to be im-  
6 plemented in the event of flooding in such por-  
7 tion of the geographic area; and

8 “(B) developed and implemented an out-  
9 reach and communication plan to advise occu-  
10 pants in such portion of the geographic area of  
11 potential flood risks, the opportunity to purchase  
12 flood insurance, and the consequences of failure  
13 to purchase flood insurance.

14 “(3) *RULE OF CONSTRUCTION.*—Nothing in  
15 paragraph (1) may be construed to affect the applica-  
16 bility of a designation of any area as an area having  
17 special flood hazards for purposes of the availability  
18 of flood insurance coverage, criteria for land manage-  
19 ment and use, notification of flood hazards, eligibility  
20 for mitigation assistance, or any other purpose or  
21 provision not specifically referred to in paragraph  
22 (1).”.

23 (b) *CONFORMING AMENDMENT.*—The second sentence  
24 of subsection (h) of section 1360 of the National Flood In-  
25 surance Act of 1968 (42 U.S.C. 4101(h)) is amended by

1 *striking “Such” and inserting “Except for notice regarding*  
 2 *a change described in section 102(i)(1) of the Flood Disaster*  
 3 *Protection Act of 1973 (42 U.S.C. 4012a(i)(1)), such”.*

4 *(c) NO REFUNDS.—Nothing in this section or the*  
 5 *amendments made by this section may be construed to au-*  
 6 *thorize or require any payment or refund for flood insur-*  
 7 *ance coverage purchased for any property that covered any*  
 8 *period during which such coverage is not required for the*  
 9 *property pursuant to the applicability of the amendment*  
 10 *made by subsection (a).*

11 **SEC. 7. 5-YEAR PHASE-IN OF FLOOD INSURANCE RATES FOR**  
 12 **NEWLY MAPPED AREAS.**

13 *Section 1308 of the National Flood Insurance Act of*  
 14 *1968 (42 U.S.C. 4015), as amended by the preceding provi-*  
 15 *sions of this Act, is further amended—*

16 *(1) in subsection (a), in the matter preceding*  
 17 *paragraph (1), by inserting “or notice” after “pre-*  
 18 *scribe by regulation”;*

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

21 *(3) by adding at the end the following new sub-*  
 22 *section:*

23 *“(g) 5-YEAR PHASE-IN OF FLOOD INSURANCE RATES*  
 24 *FOR NEWLY MAPPED AREAS.—Notwithstanding any other*  
 25 *provision of law relating to chargeable risk premium rates*

1 *for flood insurance coverage under this title, in the case of*  
2 *any area that was not previously designated as an area*  
3 *having special flood hazards and that, pursuant to any*  
4 *issuance, revision, updating, or other change in flood insur-*  
5 *ance maps, becomes designated as such an area, during the*  
6 *5-year period that begins upon the expiration of the period*  
7 *referred to in section 102(i)(1) of the Flood Disaster Protec-*  
8 *tion Act of 1973 with respect to such area, the chargeable*  
9 *premium rate for flood insurance under this title with re-*  
10 *spect to any property that is located within such area shall*  
11 *be—*

12           “(1) *for the first year of such 5-year period, 20*  
13 *percent of the chargeable risk premium rate otherwise*  
14 *applicable under this title to the property;*

15           “(2) *for the second year of such 5-year period, 40*  
16 *percent of the chargeable risk premium rate otherwise*  
17 *applicable under this title to the property;*

18           “(3) *for the third year of such 5-year period, 60*  
19 *percent of the chargeable risk premium rate otherwise*  
20 *applicable under this title to the property;*

21           “(4) *for the fourth year of such 5-year period, 80*  
22 *percent of the chargeable risk premium rate otherwise*  
23 *applicable under this title to the property; and*

1           “(5) for the fifth year of such 5-year period, 100  
2           percent of the chargeable risk premium rate otherwise  
3           applicable under this title to the property.”.

4 **SEC. 8. INCREASE IN ANNUAL LIMITATION ON PREMIUM IN-**  
5 **CREASES.**

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

9 **SEC. 9. CONSIDERATION OF CONSTRUCTION, RECONSTRUC-**  
10 **TION, AND IMPROVEMENT OF FLOOD PRO-**  
11 **TECTION SYSTEMS IN DETERMINATION OF**  
12 **FLOOD INSURANCE RATES.**

13           (a) *IN GENERAL.*—Section 1307 of the National Flood  
14 Insurance Act of 1968 (42 U.S.C. 4014) is amended—

15                   (1) in subsection (e)—

16                           (A) in the first sentence, by striking “con-  
17                           struction of a flood protection system” and in-  
18                           serting “construction, reconstruction, or im-  
19                           provement of a flood protection system (without  
20                           respect to the level of Federal investment or par-  
21                           ticipation)”; and

22                           (B) in the second sentence—

23                                   (i) by striking “construction of a flood  
24                                   protection system” and inserting “construc-

1            *tion, reconstruction, or improvement of a*  
2            *flood protection system”; and*

3                    *(ii) by inserting “based on the present*  
4                    *value of the completed system” after “has*  
5                    *been expended”; and*

6            *(2) in subsection (f)—*

7                    *(A) in the first sentence in the matter pre-*  
8                    *ceding paragraph (1), by inserting “(without re-*  
9                    *spect to the level of Federal investment or par-*  
10                    *ticipation)” before the period at the end;*

11                    *(B) in the third sentence in the matter pre-*  
12                    *ceding paragraph (1), by inserting “, whether*  
13                    *coastal or riverine,” after “special flood hazard”;*  
14                    *and*

15                    *(C) in paragraph (1), by striking “a Fed-*  
16                    *eral agency in consultation with the local project*  
17                    *sponsor” and inserting “the entity or entities*  
18                    *that own, operate, maintain, or repair such sys-*  
19                    *tem”.*

20            *(b) REGULATIONS.—Not later than 90 days after the*  
21            *date of the enactment of this Act, the Administrator of the*  
22            *Federal Emergency Management Agency shall promulgate*  
23            *regulations to carry out the amendments made by sub-*  
24            *section (a). Section 5 may not be construed to annul, alter,*

1 *affect, authorize any waiver of, or establish any exception*  
 2 *to, the requirement under the preceding sentence.*

3 *(c) IMPLEMENTATION.—The Administrator of the Fed-*  
 4 *eral Emergency Management Agency shall implement this*  
 5 *section and the amendments made by this section in a man-*  
 6 *ner that will not materially weaken the financial position*  
 7 *of the national flood insurance program or increase the risk*  
 8 *of financial liability to Federal taxpayers.*

9 **SEC. 10. TREATMENT OF CERTAIN FLOOD PROTECTION**  
 10 **PROJECTS.**

11 *Section 1308 of the National Flood Insurance Act of*  
 12 *1968 (42 U.S.C. 4015), as amended by the preceding provi-*  
 13 *sions of this Act, is further amended by adding at the end*  
 14 *the following new subsection:*

15 *“(h) TREATMENT OF CERTAIN FLOOD PROTECTION*  
 16 *PROJECTS.—*

17 *“(1) INAPPLICABILITY OF MANDATORY PURCHASE*  
 18 *REQUIREMENT; PREMIUM RATES.—Notwithstanding*  
 19 *any other provision of law, upon full completion, as*  
 20 *designed, of a flood protection system that was in-*  
 21 *tended to provide flood protection with respect to a*  
 22 *covered area, such covered area—*

23 *“(A) shall not be considered to be an area*  
 24 *having special flood hazards for purposes of this*  
 25 *Act or subsections (a), (b), or (e) of section 102,*

1           or section 202(a) of the Flood Disaster Protection  
2           Act of 1973; and

3           “(B) shall be eligible for flood insurance  
4           under this Act, if and to the extent that such  
5           area is eligible for such insurance under the  
6           other provisions of this Act, at premium rates  
7           not exceeding those that would be applicable  
8           under this section if the flood protection system  
9           referred to in paragraph (2) for such area had  
10          been completed and accredited as providing pro-  
11          tection from floods at the level that the system  
12          was designed to provide (before construction, re-  
13          construction, or improvement of the system, as  
14          applicable, began).

15          The flood insurance rate maps shall indicate, for each  
16          covered area, the status of the area under subpara-  
17          graphs (A) and (B).

18          “(2) COVERED AREA.—For purposes of this sub-  
19          section, a covered area is an area that was intended  
20          to be protected by a flood protection system—

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

22                          “(I) construction, reconstruction, or  
23                          improvement has not been completed;

24                          “(II) adequate progress, within the  
25                          meaning of section 1307(e), has been made

1           *on such construction, reconstruction, or im-*  
2           *provement; and*

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

5           *“(i) for which, as of such date—*

6           *“(I) construction, reconstruction, or*  
7           *improvement has been completed;*

8           *“(II) a determination regarding ac-*  
9           *creditation has not been made; and*

10           *“(III) is in an area having special*  
11           *flood hazards;*

12           *“(B) that was designed to provide protec-*  
13           *tion for at least the 100-year frequency flood;*  
14           *and*

15           *“(C) that has been determined, pursuant to*  
16           *waterflow data or other scientific information of*  
17           *a Federal agency obtained after, or that has*  
18           *changed since, commencement of construction, re-*  
19           *construction, or improvement, will not provide*  
20           *protection from floods at the level referred to in*  
21           *subparagraph (B).”.*

1 **SEC. 11. NOTIFICATION TO HOMEOWNERS REGARDING**  
2 **MANDATORY PURCHASE REQUIREMENT AP-**  
3 **PLICABILITY AND RATE PHASE-INS.**

4 *Section 201 of the Flood Disaster Protection Act of*  
5 *1973 (42 U.S.C. 4105) is amended by adding at the end*  
6 *the following new subsection:*

7 “(f) ANNUAL NOTIFICATION.—*The Director, in con-*  
8 *sultation with affected communities, shall establish and*  
9 *carry out a plan to notify residents of areas having special*  
10 *flood hazards, on an annual basis—*

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

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

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

16 *“(4) of the provisions of section 102 requiring*  
17 *purchase of flood insurance coverage for properties lo-*  
18 *cated in such an area, including the date on which*  
19 *such provisions apply with respect to such area, tak-*  
20 *ing into consideration section 102(i); and*

21 *“(5) of a general estimate of what similar home-*  
22 *owners in similar areas typically pay for flood insur-*  
23 *ance coverage, taking into consideration section*  
24 *1308(g) of the National Flood Insurance Act of*  
25 *1968;”.*

1 **SEC. 12. COVERAGE FOR ADDITIONAL LIVING EXPENSES**  
2 **AND BUSINESS INTERRUPTION.**

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

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

7 *(2) in paragraph (5)—*

8 *(A) by inserting “pursuant to paragraph*  
9 *(2), (3), or (4)” after “any flood insurance cov-*  
10 *erage”; and*

11 *(B) by striking the period at the end and*  
12 *inserting a semicolon; and*

13 *(3) by adding at the end the following new para-*  
14 *graphs:*

15 *“(6) in the case of any residential property, each*  
16 *renewal or new contract for flood insurance coverage*  
17 *shall provide not less than \$1,000 aggregate liability*  
18 *per dwelling unit for any necessary increases in liv-*  
19 *ing expenses incurred by the insured when losses from*  
20 *a flood make the residence unfit to live in, which cov-*  
21 *erage shall be available only at chargeable rates that*  
22 *are not less than the estimated premium rates for*  
23 *such coverage determined in accordance with section*  
24 *1307(a)(1);*

25 *“(7) in the case of any residential property, op-*  
26 *tional coverage for additional living expenses de-*

1 *scribed in paragraph (6) shall be made available to*  
2 *every insured upon renewal and every applicant in*  
3 *excess of the limits provided in paragraph (6) in such*  
4 *amounts and at such rates as the Director shall estab-*  
5 *lish, except that such chargeable rates shall not be less*  
6 *than the estimated premium rates for such coverage*  
7 *determined in accordance with section 1307(a)(1);*  
8 *and*

9 *“(8) in the case of any commercial property or*  
10 *other residential property, including multifamily*  
11 *rental property, optional coverage for losses resulting*  
12 *from any partial or total interruption of the insured’s*  
13 *business caused by damage to, or loss of, such prop-*  
14 *erty from a flood shall be made available to every in-*  
15 *sured upon renewal and every applicant, except*  
16 *that—*

17 *“(A) the Director may provide such cov-*  
18 *erage under such terms, conditions, and require-*  
19 *ments as the Director considers appropriate to*  
20 *meet the needs of small businesses while com-*  
21 *plying with the requirement under subparagraph*  
22 *(C); and*

23 *“(B) any such coverage shall be made avail-*  
24 *able only at chargeable rates that are not less*  
25 *than the estimated premium rates for such cov-*

1            *erage determined in accordance with section*  
2            *1307(a)(1).”.*

3    **SEC. 13. EXCEPTION TO WAITING PERIOD FOR EFFECTIVE**  
4            **DATE OF POLICIES.**

5            *Section 1306(c)(2)(A) of the National Flood Insurance*  
6    *Act of 1968 (42 U.S.C. 4013(c)(2)(A)) is amended by insert-*  
7    *ing before the semicolon the following: “or is in connection*  
8    *with the purchase or other transfer of the property for which*  
9    *the coverage is provided (regardless of whether a loan is*  
10    *involved in the purchase or transfer transaction), but only*  
11    *when such initial purchase of coverage is made not later*  
12    *30 days after such making, increasing, extension, or re-*  
13    *newal of the loan or not later than 30 days after such pur-*  
14    *chase or other transfer of the property, as applicable”.*

15    **SEC. 14. MINIMUM DEDUCTIBLES FOR CLAIMS.**

16            *Section 1312 of the National Flood Insurance Act of*  
17    *1968 (42 U.S.C. 4019) is amended—*

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

21            *(2) by adding at the end the following:*

22            *“(b) MINIMUM ANNUAL DEDUCTIBLES.—*

23            *“(1) PRE-FIRM PROPERTIES.—For any struc-*  
24    *ture that is covered by flood insurance under this*  
25    *title, and on which construction or substantial im-*

1        *provement occurred on or before December 31, 1974,*  
2        *or before the effective date of an initial flood insur-*  
3        *ance rate map published by the Director under sec-*  
4        *tion 1360 for the area in which such structure is lo-*  
5        *cated, the minimum annual deductible for damage to*  
6        *or loss of such structure shall be—*

7                *“(A) \$1,500, if the flood insurance coverage*  
8                *for such structure covers loss of, or physical dam-*  
9                *age to, such structure in an amount equal to or*  
10              *less than \$100,000; and*

11              *“(B) \$2,000, if the flood insurance coverage*  
12              *for such structure covers loss of, or physical dam-*  
13              *age to, such structure in an amount greater than*  
14              *\$100,000.*

15              *“(2) POST-FIRM PROPERTIES.—For any struc-*  
16              *ture that is covered by flood insurance under this*  
17              *title, and on which construction or substantial im-*  
18              *provement occurred after December 31, 1974, or after*  
19              *the effective date of an initial flood insurance rate*  
20              *map published by the Director under section 1360 for*  
21              *the area in which such structure is located, the min-*  
22              *imum annual deductible for damage to or loss of such*  
23              *structure shall be—*

24              *“(A) \$750, if the flood insurance coverage*  
25              *for such structure covers loss of, or physical dam-*

1           age to, such structure in an amount equal to or  
2           less than \$100,000; and

3                   “(B) \$1,000, if the flood insurance coverage  
4           for such structure covers loss of, or physical dam-  
5           age to, such structure in an amount greater than  
6           \$100,000.”.

7   **SEC. 15. PAYMENT OF PREMIUMS IN INSTALLMENTS FOR**  
8                   **LOW-INCOME POLICYHOLDERS.**

9           Section 1306 of the National Flood Insurance Act of  
10  1968 (42 U.S.C. 4013) is amended by adding at the end  
11  the following new subsection:

12           “(d) *PAYMENT OF PREMIUMS IN INSTALLMENTS FOR*  
13  *LOW-INCOME POLICYHOLDERS.*—In addition to any other  
14  terms and conditions under subsection (a), such regulations  
15  shall provide that, in the case of any residential property  
16  that is owned by a family whose income level is at or below  
17  200 percent of the poverty line (as defined by the Office  
18  of Management and Budget, and revised annually in ac-  
19  cordance with section 673 of the Omnibus Budget Reconcili-  
20  ation Act of 1981 (42 U.S.C. 9902)) applicable to the size  
21  of such family, or a family that has no adult member who  
22  is employed, premiums for flood insurance coverage for such  
23  property may be paid in monthly installments.”.

1 **SEC. 16. ENFORCEMENT.**

2 *Section 102(f) of the Flood Disaster Protection Act of*  
3 *1973 (42 U.S.C. 4012a(f)) is amended—*

4 *(1) in paragraph (2)—*

5 *(A) in subparagraph (A)(iii), by striking*  
6 *“or” at the end;*

7 *(B) in subparagraph (B), by striking the*  
8 *period at the end and inserting “; or”; and*

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

11 *“(C) in connection with the making, in-*  
12 *creasing, extending, servicing, or renewing of*  
13 *any loan, requiring the purchase of flood insur-*  
14 *ance coverage under the National Flood Insur-*  
15 *ance Act of 1968, or purchasing such coverage*  
16 *pursuant to subsection (e)(2), in an amount in*  
17 *excess of the minimum amount required under*  
18 *subsections (a) and (b) of this section.”;*

19 *(2) in paragraph (5)—*

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

22 *(B) in the last sentence, by striking*  
23 *“\$100,000” and inserting “\$1,000,000; except*  
24 *that such limitation shall not apply to a regu-*  
25 *lated lending institution or enterprise for a cal-*  
26 *endar year if, in any three (or more) of the five*

1           *calendar years immediately preceding such cal-*  
 2           *endar year, the total amount of penalties as-*  
 3           *essed under this subsection against such lending*  
 4           *institution or enterprise was \$1,000,000”; and*  
 5           *(3) in paragraph (6), by adding after the period*  
 6           *at the end the following: “No penalty may be imposed*  
 7           *under this subsection on a regulated lending institu-*  
 8           *tion or enterprise that has made a good faith effort*  
 9           *to comply with the requirements of the provisions re-*  
 10          *ferred to in paragraph (2) or for any non-material*  
 11          *violation of such requirements.”.*

12 **SEC. 17. NOTIFICATION TO TENANTS OF AVAILABILITY OF**  
 13                                   **CONTENTS INSURANCE.**

14           *The National Flood Insurance Act of 1968 is amended*  
 15          *by inserting after section 1308 (42 U.S.C. 4015) the fol-*  
 16          *lowing new section:*

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

19           *“(a) IN GENERAL.—The Director shall, upon entering*  
 20          *into a contract for flood insurance coverage under this title*  
 21          *for any property—*

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

24                           *“(2) require the insured to provide a copy of the*  
 25                           *notice, or otherwise provide notification of the infor-*

1        *mation under subsection (b) in the manner that the*  
2        *manager or landlord deems most appropriate, to each*  
3        *such tenant and to each new tenant upon commence-*  
4        *ment of such a tenancy.*

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

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

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

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

17                *“(4) of where to obtain information regarding*  
18                *how to obtain such coverage, including a telephone*  
19                *number, mailing address, and Internet site of the Di-*  
20                *rector where such information is available.”.*

21        **SEC. 18. FLOOD INSURANCE OUTREACH.**

22        *Chapter I of the National Flood Insurance Act of 1968*  
23        *(42 U.S.C. 4011 et seq.), as amended by the preceding pro-*  
24        *visions of this Act, is further amended by adding at the*  
25        *end the following new section:*

1 **“SEC. 1326. GRANTS FOR OUTREACH TO PROPERTY OWNERS**  
2 **AND RENTERS.**

3       “(a) *IN GENERAL.*—*The Director may, to the extent*  
4 *amounts are made available pursuant to subsection (h),*  
5 *make grants to local governmental agencies responsible for*  
6 *floodplain management activities (including such agencies*  
7 *of Indians tribes, as such term is defined in section 4 of*  
8 *the Native American Housing Assistance and Self-Deter-*  
9 *mination Act of 1996 (25 U.S.C. 4103)) in communities*  
10 *that participate in the national flood insurance program*  
11 *under this title, for use by such agencies to carry out out-*  
12 *reach activities to encourage and facilitate the purchase of*  
13 *flood insurance protection under this Act by owners and*  
14 *renters of properties in such communities and to promote*  
15 *educational activities that increase awareness of flood risk*  
16 *reduction.*

17       “(b) *OUTREACH ACTIVITIES.*—*Amounts from a grant*  
18 *under this section shall be used only for activities designed*  
19 *to—*

20               “(1) *identify owners and renters of properties in*  
21 *communities that participate in the national flood in-*  
22 *surance program, including owners of residential and*  
23 *commercial properties;*

24               “(2) *notify such owners and renters when their*  
25 *properties become included in, or when they are ex-*  
26 *cluded from, an area having special flood hazards*

1        *and the effect of such inclusion or exclusion on the ap-*  
2        *plicability of the mandatory flood insurance purchase*  
3        *requirement under section 102 of the Flood Disaster*  
4        *Protection Act of 1973 (42 U.S.C. 4012a) to such*  
5        *properties;*

6            *“(3) educate such owners and renters regarding*  
7        *the flood risk and reduction of this risk in their com-*  
8        *munity, including the continued flood risks to areas*  
9        *that are no longer subject to the flood insurance man-*  
10       *datory purchase requirement;*

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

16           *“(5) encouraging such owners and renters to*  
17       *maintain or acquire such coverage.*

18        *“(c) COST SHARING REQUIREMENT.—*

19           *“(1) IN GENERAL.—In any fiscal year, the Di-*  
20       *rector may not provide a grant under this section to*  
21       *a local governmental agency in an amount exceeding*  
22       *3 times the amount that the agency certifies, as the*  
23       *Director shall require, that the agency will contribute*  
24       *from non-Federal funds to be used with grant*

1       *amounts only for carrying out activities described in*  
2       *subsection (b).*

3               “(2) *NON-FEDERAL FUNDS.*—*For purposes of*  
4       *this subsection, the term ‘non-Federal funds’ includes*  
5       *State or local government agency amounts, in-kind*  
6       *contributions, any salary paid to staff to carry out*  
7       *the eligible activities of the grant recipient, the value*  
8       *of the time and services contributed by volunteers to*  
9       *carry out such services (at a rate determined by the*  
10       *Director), and the value of any donated material or*  
11       *building and the value of any lease on a building.*

12               “(d) *ADMINISTRATIVE COST LIMITATION.*—*Notwith-*  
13       *standing subsection (b), the Director may use not more than*  
14       *5 percent of amounts made available under subsection (g)*  
15       *to cover salaries, expenses, and other administrative costs*  
16       *incurred by the Director in making grants and provide as-*  
17       *sistance under this section.*

18               “(e) *APPLICATION AND SELECTION.*—

19               “(1) *IN GENERAL.*—*The Director shall provide*  
20       *for local governmental agencies described in sub-*  
21       *section (a) to submit applications for grants under*  
22       *this section and for competitive selection, based on*  
23       *criteria established by the Director, of agencies sub-*  
24       *mitting such applications to receive such grants.*

1           “(2) *SELECTION CONSIDERATIONS.*—*In selecting*  
2           *applications of local government agencies to receive*  
3           *grants under paragraph (1), the Director shall con-*  
4           *sider—*

5                     “(A) *the existence of a cooperative technical*  
6                     *partner agreement between the local govern-*  
7                     *mental agency and the Federal Emergency Man-*  
8                     *agement Agency;*

9                     “(B) *the history of flood losses in the rel-*  
10                    *evant area that have occurred to properties, both*  
11                    *inside and outside the special flood hazards*  
12                    *zones, which are not covered by flood insurance*  
13                    *coverage;*

14                    “(C) *the estimated percentage of high-risk*  
15                    *properties located in the relevant area that are*  
16                    *not covered by flood insurance;*

17                    “(D) *demonstrated success of the local gov-*  
18                    *ernmental agency in generating voluntary pur-*  
19                    *chase of flood insurance; and*

20                    “(E) *demonstrated technical capacity of the*  
21                    *local governmental agency for outreach to indi-*  
22                    *vidual property owners.*

23           “(f) *DIRECT OUTREACH BY FEMA.*—*In each fiscal*  
24           *year that amounts for grants are made available pursuant*  
25           *to subsection (h), the Director may use not more than 50*

1 percent of such amounts to carry out, and to enter into con-  
 2 tracts with other entities to carry out, activities described  
 3 in subsection (b) in areas that the Director determines have  
 4 the most immediate need for such activities.

5       “(g) *REPORTING.*—Each local government agency that  
 6 receives a grant under this section, and each entity that  
 7 receives amounts pursuant to subsection (f), shall submit  
 8 a report to the Director, not later than 12 months after such  
 9 amounts are first received, which shall include such infor-  
 10 mation as the Director considers appropriate to describe the  
 11 activities conducted using such amounts and the effect of  
 12 such activities on the retention or acquisition of flood insur-  
 13 ance coverage.

14       “(h) *AUTHORIZATION OF APPROPRIATIONS.*—There is  
 15 authorized to be appropriated for grants under this section  
 16 \$50,000,000 for each of fiscal years 2011 through 2015.”.

17 **SEC. 19. NOTICE OF AVAILABILITY OF FLOOD INSURANCE**  
 18 **AND ESCROW IN RESPA GOOD FAITH ESTI-**  
 19 **MATE.**

20       Subsection (c) of section 5 of the Real Estate Settle-  
 21 ment Procedures Act of 1974 (12 U.S.C. 2604(c)) is amend-  
 22 ed by adding at the end the following new sentence: “Each  
 23 such good faith estimate shall include the following con-  
 24 spicuous statements and information: (1) that flood insur-  
 25 ance coverage for residential real estate is generally avail-

1 able under the national flood insurance program whether  
2 or not the real estate is located in an area having special  
3 flood hazards and that, to obtain such coverage, a home  
4 owner or purchaser should contact the national flood insur-  
5 ance program; (2) a telephone number and a location on  
6 the Internet by which a home owner or purchaser can con-  
7 tact the national flood insurance program; and (3) that the  
8 escrowing of flood insurance payments is required for many  
9 loans under section 102(d) of the Flood Disaster Protection  
10 Act of 1973, and may be a convenient and available option  
11 with respect to other loans.”.

12 **SEC. 20. AUTHORIZATION OF ADDITIONAL FEMA STAFF.**

13 *Notwithstanding any other provision of law, the Direc-*  
14 *tor of the Federal Emergency Management Agency may em-*  
15 *ploy such additional staff as may be necessary to carry out*  
16 *all of the responsibilities of the Director pursuant to this*  
17 *Act and the amendments made by this Act. There are au-*  
18 *thorized to be appropriated to Director such sums as may*  
19 *be necessary for costs of employing such additional staff.*

20 **SEC. 21. PLAN TO VERIFY MAINTENANCE OF FLOOD INSUR-**  
21 **ANCE ON MISSISSIPPI AND LOUISIANA PROP-**  
22 **ERTIES RECEIVING EMERGENCY SUPPLE-**  
23 **MENTAL FUNDS.**

24 *The Secretary of Housing and Urban Development*  
25 *and the Director of the Federal Emergency Management*

1 *Agency shall jointly develop and implement a plan to verify*  
 2 *that persons receiving funds under the Homeowner Grant*  
 3 *Assistance Program of the State of Mississippi or the Road*  
 4 *Home Program of the State of Louisiana from amounts al-*  
 5 *located to the State of Mississippi or the State of Louisiana,*  
 6 *respectively, from the Community development fund under*  
 7 *the Emergency Supplemental Appropriations Act to Ad-*  
 8 *dress Hurricanes in the Gulf of Mexico and Pandemic In-*  
 9 *fluenza, 2006 (Public Law 109–148) are maintaining flood*  
 10 *insurance on the property for which such persons receive*  
 11 *such funds as required by each such Program.*

12 **SEC. 22. FLOOD INSURANCE ADVOCATE.**

13 *Chapter II of the National Flood Insurance Act of*  
 14 *1968 is amended by inserting after section 1330 (42 U.S.C.*  
 15 *4041) the following new section:*

16 **“SEC. 1330A. OFFICE OF THE FLOOD INSURANCE ADVOCATE.**  
 17 **CATE.**

18 *“(a) ESTABLISHMENT OF POSITION.—*

19 *“(1) IN GENERAL.—There shall be in the Federal*  
 20 *Emergency Management Agency an Office of the*  
 21 *Flood Insurance Advocate which shall be headed by*  
 22 *the National Flood Insurance Advocate. The National*  
 23 *Flood Insurance Advocate shall report directly to the*  
 24 *Director and shall, to the extent amounts are pro-*  
 25 *vided pursuant to subsection (f), be compensated at*

1       *the same rate as the highest rate of basic pay estab-*  
2       *lished for the Senior Executive Service under section*  
3       *5382 of title 5, United States Code, or, if the Director*  
4       *so determines, at a rate fixed under section 9503 of*  
5       *such title.*

6               “(2) *APPOINTMENT.*—*The National Flood Insur-*  
7       *ance Advocate shall be appointed by the Director, and*  
8       *without regard to the provisions of title 5, United*  
9       *States Code, relating to appointments in the competi-*  
10       *tive service or the Senior Executive Service.*

11               “(3) *QUALIFICATIONS.*—*An individual ap-*  
12       *pointed under paragraph (2) shall have a background*  
13       *in customer service as well as insurance.*

14               “(4) *STAFF.*—*To the extent amounts are pro-*  
15       *vided pursuant to subsection (f), the National Flood*  
16       *Insurance Advocate may employ such personnel as*  
17       *may be necessary to carry out the duties of the Office.*

18               “(b) *FUNCTIONS OF OFFICE.*—

19               “(1) *IN GENERAL.*—*It shall be the function of the*  
20       *Office of the Flood Insurance Advocate to—*

21                       “(A) *assist insureds under the national*  
22       *flood insurance program in resolving problems*  
23       *with the Federal Emergency Management Agen-*  
24       *cy relating to such program;*

1           “(B) identify areas in which such insureds  
2 have problems in dealings with the Agency relat-  
3 ing to such program;

4           “(C) identify potential legislative, adminis-  
5 trative, or regulatory changes which may be ap-  
6 propriate to mitigate such problems; and

7           “(D) assist communities and homeowners  
8 with interpreting, implementing, and appealing  
9 floodplain maps and floodplain map determina-  
10 tions.

11           “(2) ANNUAL REPORTS.—

12           “(A) ACTIVITIES.—Not later than December  
13 31 of each calendar year, the National Flood In-  
14 surance Advocate shall report to the Committee  
15 on Financial Services of the House of Represent-  
16 atives and the Committee on Banking, Housing,  
17 and Urban Affairs of the Senate on the activities  
18 of the Office of the Flood Insurance Advocate  
19 during the fiscal year ending during such cal-  
20 endar year. Any such report shall contain full  
21 and substantive analysis, in addition to statis-  
22 tical information, and shall—

23           “(i) identify the initiatives the Office  
24 of the Flood Insurance Advocate has taken  
25 on improving services for insureds under

1           *the national flood insurance program and*  
2           *responsiveness of the Federal Emergency*  
3           *Management Agency with respect to such*  
4           *program;*

5           “(ii) *identify areas of the law or regu-*  
6           *lations relating to the national flood insur-*  
7           *ance program that impose significant com-*  
8           *pliance burdens on such insureds or the*  
9           *Federal Emergency Management Agency,*  
10          *including specific recommendations for rem-*  
11          *edying these problems; and*

12          “(iii) *include such other information*  
13          *as the National Flood Insurance Advocate*  
14          *may deem advisable.*

15          “(B) *DIRECT SUBMISSION OF REPORT.—*  
16          *Each report required under this paragraph shall*  
17          *be provided directly to the committees identified*  
18          *in subparagraph (A) without any prior review*  
19          *or comment from the Director, the Secretary of*  
20          *Homeland Security, or any other officer or em-*  
21          *ployee of the Federal Emergency Management*  
22          *Agency or the Department of Homeland Secu-*  
23          *rity, or the Office of Management and Budget.*

24          “(c) *FUNDING.—Pursuant to section 1310(a)(4), the*  
25          *Director may use amounts from the National Flood Insur-*

1 *ance Fund to fund the activities of the Office of the Flood*  
2 *Advocate in each of fiscal years 2011 through 2016, except*  
3 *that the amount so used in each such fiscal year may not*  
4 *exceed \$5,000,000 and shall remain available until ex-*  
5 *pended. Notwithstanding any other provision of this title,*  
6 *amounts made available pursuant to this subsection shall*  
7 *not be subject to offsetting collections through premium*  
8 *rates for flood insurance coverage under this title.”.*

9 **SEC. 23. ELIGIBILITY OF PROPERTY DEMOLITION AND RE-**  
10 **BUILDING UNDER FLOOD MITIGATION AS-**  
11 **SISTANCE PROGRAM.**

12 *Section 1366(e)(5)(B) of the National Flood Insurance*  
13 *Act of 1968 (42 U.S.C. 4104c(e)(5)(B)) is amended by strik-*  
14 *ing “or floodproofing” and inserting “floodproofing, or*  
15 *demolition and rebuilding”.*

16 **SEC. 24. STUDY REGARDING MANDATORY PURCHASE RE-**  
17 **QUIREMENT FOR NON-FEDERALLY RELATED**  
18 **LOANS.**

19 *(a) IN GENERAL.—The Comptroller General shall con-*  
20 *duct a study to assess the impact, effectiveness, and feasi-*  
21 *bility of, and basis under the Constitution of the United*  
22 *States for, amending the provisions of the Flood Disaster*  
23 *Protection Act of 1973 regarding the properties that are*  
24 *subject to the mandatory flood insurance coverage purchase*  
25 *requirements under such Act to extend such requirements*

1 to any property that is located in any area having special  
2 flood hazards and which secures the repayment of a loan  
3 that is not described in paragraph (1), (2), or (3) of section  
4 102(b) of such Act, and shall determine how best to admin-  
5 ister and enforce such a requirement, taking into consider-  
6 ation other insurance purchase requirements under Federal  
7 and State law.

8 (b) *REPORT.*—The Comptroller General shall submit  
9 a report to the Congress regarding the results and conclu-  
10 sions of the study under subsection (a) not later than the  
11 expiration of the 6-month period beginning on the date of  
12 the enactment of this Act.

13 **SEC. 25. STUDY OF METHODS TO INCREASE FLOOD INSUR-**  
14 **ANCE PROGRAM PARTICIPATION BY LOW-IN-**  
15 **COME FAMILIES.**

16 (a) *IN GENERAL.*—The Comptroller General of the  
17 United States shall conduct a study to identify and analyze  
18 potential methods, practices, and incentives that would in-  
19 crease the extent to which low-income families (as such term  
20 is defined in section 3(b) of the United States Housing Act  
21 of 1937 (42 U.S.C. 1437a(b))) that own residential prop-  
22 erties located within areas having special flood hazards pur-  
23 chase flood insurance coverage for such properties under the  
24 national flood insurance program. In conducting the study,  
25 the Comptroller General shall analyze the effectiveness and

1 *costs of the various methods, practices, and incentives iden-*  
2 *tified, including their effects on the national flood insurance*  
3 *program.*

4 *(b) REPORT.—The Comptroller General shall submit*  
5 *to the Congress a report setting forth the conclusions of the*  
6 *study under this section not later than 12 months after the*  
7 *date of the enactment of this Act.*

8 **SEC. 26. REPORT ON INCLUSION OF BUILDING CODES IN**  
9 **FLOODPLAIN MANAGEMENT CRITERIA.**

10 *Not later than the expiration of the 6-month period*  
11 *beginning on the date of the enactment of this Act, the Ad-*  
12 *ministrator of the Federal Emergency Management Agency*  
13 *shall conduct a study and submit a report to the Committee*  
14 *on Financial Services of the House of Representatives and*  
15 *the Committee on Banking, Housing, and Urban Affairs*  
16 *of the Senate regarding the impact, effectiveness, and feasi-*  
17 *bility of amending section 1361 of the National Flood In-*  
18 *surance Act of 1968 (42 U.S.C. 4102) to include widely used*  
19 *and nationally recognized building codes as part of the*  
20 *floodplain management criteria developed under such sec-*  
21 *tion, and shall determine—*

22 *(1) the regulatory, financial, and economic im-*  
23 *pacts of such a building code requirement on home-*  
24 *owners, States and local communities, local land use*

1 *policies, and the Federal Emergency Management*  
2 *Agency;*

3 *(2) the resources required of State and local com-*  
4 *munities to administer and enforce such a building*  
5 *code requirement;*

6 *(3) the effectiveness of such a building code re-*  
7 *quirement in reducing flood-related damage to build-*  
8 *ings and contents;*

9 *(4) the impact of such a building code require-*  
10 *ment on the actuarial soundness of the National*  
11 *Flood Insurance Program;*

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

15 *(6) the feasibility and effectiveness of providing*  
16 *an incentive in lower premium rates for flood insur-*  
17 *ance coverage under such Act for structures meeting*  
18 *whichever of such widely used and nationally recog-*  
19 *nized building code or any applicable local building*  
20 *code provides greater protection from flood damage.*

21 **SEC. 27. STUDY ON REPAYING FLOOD INSURANCE DEBT.**

22 *Not later than the expiration of the 6-month period*  
23 *beginning on the date of the enactment of this Act, the Ad-*  
24 *ministrator of the Federal Emergency Management Agency*  
25 *shall submit a report to the Congress setting forth a plan*

1 *for repaying within 10 years all amounts, including any*  
2 *amounts previously borrowed but not yet repaid, owed pur-*  
3 *suant to clause (2) of subsection (a) of section 1309 of the*  
4 *National Flood Insurance Act of 1968 (42 U.S.C.*  
5 *4016(a)(2)).*

6 **SEC. 28. STUDY REGARDING IMPACT OF RATE INCREASES**  
7 **ON PRE-FIRM PROPERTIES.**

8 *(a) IN GENERAL.—The Comptroller General of the*  
9 *United States shall conduct a study to assess the impacts*  
10 *of implementing provisions regarding pre-FIRM properties*  
11 *(as such term is defined in section 578(b) of the National*  
12 *Flood Insurance Reform Act of 1994 (42 U.S.C. 4014)), in-*  
13 *cluding the impact on the program participation rate*  
14 *among owners, renters, and tenants of non-primary resi-*  
15 *dences or commercial nonresidential properties. In con-*  
16 *ducting the study, the Comptroller General shall analyze*  
17 *the cost effectiveness and effect on local government tax base*  
18 *of various options, including an option of implementing*  
19 *such provisions on the severe repetitive loss properties only.*

20 *(b) REPORT.—The Comptroller General shall submit*  
21 *a report to Congress regarding the results and conclusions*  
22 *of the study under subsection (a) not later than the expira-*  
23 *tion of the 9-month period beginning on the date of enact-*  
24 *ment of this Act.*

1 **SEC. 29. STUDY OF EFFECTS OF ACT.**

2       (a) *STUDY.*—*The Administrator of the Federal Emer-*  
3 *gency Management Agency shall conduct a study to identify*  
4 *and assess the impacts, including short-term and long-term*  
5 *impacts, of this Act and the amendments made by this Act*  
6 *on the financial soundness of the national flood insurance*  
7 *program.*

8       (b) *REPORT.*—*Not later than 12 months after the date*  
9 *of the enactment of this Act, the Administrator shall submit*  
10 *a report to the Congress setting forth the results and conclu-*  
11 *sions of study under subsection (a), which shall include spe-*  
12 *cific recommendations for actions to mitigate against any*  
13 *negative financial impacts resulting from this Act and the*  
14 *amendments made by this Act that could increase the debt*  
15 *of the national flood insurance program.*

16 **SEC. 30. RULEMAKING.**

17       (a) *INTERIM FINAL RULE.*—*The Administrator of the*  
18 *Federal Emergency Management Agency shall issue an in-*  
19 *terim final rule as a temporary regulation implementing*  
20 *this Act and the amendments made by this Act as soon as*  
21 *practicable after the date of the enactment of this Act, with-*  
22 *out regard to the provisions of chapter 5 of title 5, United*  
23 *States Code. All regulations prescribed under the authority*  
24 *of this subsection that are not earlier superseded by final*  
25 *regulations shall expire not later than one year after the*  
26 *date of the enactment of this Act.*

1       **(b) INITIATION OF RULEMAKING.**—*The Administrator*  
2 *of the Federal Emergency Management Agency may initiate*  
3 *a rulemaking to implement this Act and the amendments*  
4 *made by this Act as soon as practicable after the date of*  
5 *the enactment of this Act. The final rule issued pursuant*  
6 *to such rulemaking may supersede the interim final rule*  
7 *promulgated under subsection (a).*

Union Calendar No. 282

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

**H. R. 5114**

[Report No. 111-495]

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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.

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MAY 26, 2010

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