112TH CONGRESS
1ST SESSION

H. R. 1026

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.

IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 2011

Ms. WATERS (for herself, Mr. FRANK of Massachusetts, Mr. GUTIERREZ, Mr. AL GREEN of Texas, Mr. COSTELLO, Ms. MATSUI, and Mr. CARDOZA) introduced the following bill; which was referred to the Committee on Financial Services

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.

Be it enacted by the Senate and House of Representa-
tives 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 Priorities 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. 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, non-primary residences, severe repetitive loss properties, and properties substantially damaged or improved.
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. Discounted flood insurance rates for properties protected by a flood-protection system from less than a 100-year frequency flood.
Sec. 11. Treatment of certain flood protection projects.
Sec. 12. Prohibition of extension of subsidized rates to lapsed policies.
Sec. 13. Notification to homeowners regarding mandatory purchase requirement applicability and rate phase-ins.
Sec. 15. Notification of establishment of flood elevations.
Sec. 16. Coverage for additional living expenses and business interruption.
Sec. 17. Exception to waiting period for effective date of policies.
Sec. 18. Minimum deductibles for claims.
Sec. 19. Payment of premiums in installments for residential properties.
Sec. 20. Termination of force-placed insurance.
Sec. 21. Enforcement.
Sec. 22. Notification to tenants of availability of contents insurance.
Sec. 23. Grants for direct funding of mitigation activities for individual repetitive claims properties.
Sec. 24. Flood insurance outreach.
Sec. 25. Treatment of swimming pool enclosures outside of hurricane season.
Sec. 26. Requirements relating to windstorm and flood.
Sec. 27. Notice of availability of flood insurance and escrow in RESPA good faith estimate.
Sec. 28. Authorization of additional FEMA staff.
Sec. 29. Plan to verify maintenance of flood insurance on Mississippi and Louisiana properties receiving emergency supplemental funds.
Sec. 30. Flood insurance advocate.
Sec. 31. Treatment of previously mapped areas.
Sec. 32. Remapping of areas with improved levees.
Sec. 33. Appeals.
Sec. 34. Eligibility of property demolition and rebuilding under flood mitigation assistance program.
Sec. 35. Study regarding mandatory purchase requirement for non-federally related loans.
Sec. 36. Study of methods to increase flood insurance program participation by low-income families and families in rural communities and on Indian reservations.
Sec. 37. Report on inclusion of building codes in floodplain management criteria.
Sec. 38. Study on repaying flood insurance debt.
Sec. 39. Study regarding certain harbor areas.
Sec. 40. Study regarding hazard modeling.

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Sec. 41. Study regarding impact of rate increases on pre-FIRM properties.
Sec. 42. Study of effects of Act.
Sec. 43. Reimbursement for costs incurred by homeowners obtaining letters of map amendment.
Sec. 44. Interim final rulemaking.
Sec. 45. Study on private insurance market, community participation in the National Flood Insurance Program, and the regionalization of the National Flood Insurance Program.
Sec. 46. Ethics compliance.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) since the enactment of National Flood Insurance Act of 1968, the national flood insurance program has been the primary source of reliable, reasonably priced, flood insurance coverage for millions of American homes and businesses;

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

(3) although participation in the national flood insurance program has, in the past, largely been limited to properties required to participate in the program because of the program’s mandatory purchase requirement for properties in special flood hazard areas with loans from federally regulated lenders, recent annual and extraordinary flooding has resulted in the program enjoying its highest voluntary participation since the establishment of the mandatory flood insurance purchase requirement;
(4) several years of below-average flood claims losses and increased voluntary participation in the national flood insurance program have allowed the program to fully service the debt incurred following Hurricanes Katrina and Rita and allowed the program to pay $598,000,000 of the principal of that outstanding debt;

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

(6) increased flooding in areas outside designated special flood hazard areas prompted the Executive and the Congress in 2002 to begin calling for the national flood insurance program to develop and disseminate revised, updated flood insurance rate maps that reflect the real risk of flooding for properties not previously identified as being located within a special flood hazard area;

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

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

(9) the maximum coverage limits for flood insurance policies should be increased to reflect inflation and the increased cost of housing; and

(10) phasing out flood insurance premium subsidies currently extended to vacation homes, second homes, and commercial properties would result in significant average annual savings to the national flood insurance program.

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

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

(2) to increase incentives for homeowners and communities to participate in the national flood insurance program and to improve oversight to ensure better accountability of the national flood insurance program and the Federal Emergency Management Agency; and
(3) to increase awareness of homeowners of flood risks and improve the information regarding such risks provided to homeowners.

SEC. 3. EXTENSION OF NATIONAL FLOOD INSURANCE PROGRAM.

(a) PROGRAM EXTENSION.—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) 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”.

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


(2) by striking subsection (l).

SEC. 4. 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 (2), by striking “$250,000” and inserting “$335,000”;
(2) in paragraph (3), by striking "$100,000"
and inserting "$135,000"; and

(3) in paragraph (4)—

(A) by striking "$500,000" each place
such term appears and inserting "$670,000";
and

(B) by inserting before "; and" the fol-
lowing: "; except that, in the case of any non-
residential property that is a structure con-
taining more than one dwelling unit that is
made available for occupancy by rental (not-
withstanding the provisions applicable to the
determination of the risk premium rate for such
property), additional flood insurance in excess
of such limits shall be made available to every
insured upon renewal and every applicant for
insurance so as to enable any such insured or
applicant to receive coverage up to a total
amount that is equal to the product of the total
number of such rental dwelling units in such
property and the maximum coverage limit per
dwelling unit specified in paragraph (2); except
that in the case of any such multi-unit, nonresi-
dential rental property that is a pre-FIRM
structure (as such term is defined in section
578(b) of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4014 note)), the risk premium rate for the first $500,000 of coverage shall be determined in accordance with section 1307(a)(2) and the risk premium rate for any coverage in excess of such amount shall be determined in accordance with section 1307(a)(1)”.

SEC. 5. PHASE-IN OF ACTUARIAL RATES FOR NONRESIDENTIAL PROPERTIES, NON-PRIMARY RESIDENCES, SEVERE REPETITIVE LOSS PROPERTIES, AND PROPERTIES SUBSTANTIALLY DAMAGED OR IMPROVED.

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

(1) by redesignating paragraph (2) as paragraph (6); and

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

“(2) NONRESIDENTIAL PROPERTIES.—Any nonresidential property, which term shall not include any multifamily rental property that consists of four or more dwelling units.
“(3) NON-PRIMARY RESIDENCES.—Any residential property that is not the primary residence of any individual, including the owner of the property or any other individual who resides in the property as a tenant.

“(4) SEVERE REPETITIVE LOSS PROPERTIES.—Any severe repetitive loss property, as such term is defined in section 1361A(b), that is so designated as such as a result of losses occurring on or after the date of the enactment of the Flood Insurance Reform Priorities Act of 2011.

“(5) PROPERTIES SUBSTANTIALLY DAMAGED OR SUBSTANTIALLY IMPROVED.—Any property that, on or after the date of the enactment of the Flood Insurance Reform and Priorities Act of 2011, has experienced or sustained—

“(A) substantial 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.”.

(b) TECHNICAL AMENDMENTS.—Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015) is amended—
(1) in subsection (c)—

(A) in the matter preceding paragraph (1),

by striking “the limitations provided under paragraphs (1) and (2)” and inserting “subsection (e)”; and

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

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

(c) EFFECTIVE DATE AND TRANSITION.—

(1) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply beginning upon the expiration of the 3-year period that begins on the date of the enactment of this Act, except as provided in paragraph (2) of this subsection.

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

(A) INCREASE OF RATES OVER TIME.—In the case of any property described in paragraph (2), (3), (4), or (5) of section 1308(c) of the National Flood Insurance Act of 1968, as amended by subsection (a) of this section, that, as of the effective date under paragraph (1) of this subsection, is covered under a policy for
flood insurance made available under the national flood insurance program for which the chargeable premium rates are less than the applicable estimated risk premium rate under section 1307(a)(1) for the area in which the property is located, the Director 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).

(B) 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 paragraph (1) of this subsection 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 subparagraph (C)).

(C) 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 paragraph or to an increase described in section 1308(e) of the National Flood Insurance Act of 1968 may not exceed 20 percent.

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

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

(a) 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 subsections:

“(i) Delayed Effective Date of Mandatory Purchase Requirement for New Flood Hazard Areas.—

“(1) In General.—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 that takes effect on or after Sep-

ember 30, 2007, becomes designated as an area
having special flood hazards, if each State and local
government having jurisdiction over any portion of
the geographic area has complied with paragraph
(2), such designation shall not take effect for pur-
poses of subsection (a), (b), or (e) of this section, or
section 202(a) of this Act, until the expiration of the
5-year period beginning upon the date that such
maps, as issued, revised, update, or otherwise
changed, become effective.

“(2) NOTICE REQUIREMENTS.—A State or local
government shall be considered to have complied
with this paragraph with respect to any geographic
area described in paragraph (1) only if the State or
local government has, before the effective date of the
issued, revised, updated, or changed maps, and in
accordance with such standards as shall be estab-
lished by the Director—

“(A) developed an evacuation plan to be
implemented in the event of flooding in such
portion of the geographic area; and
“(B) developed and implemented an outreach and communication plan to advise occupants in such portion of the geographic area of potential flood risks, appropriate evacuation routes under the evacuation plan referred to in subparagraph (A), the opportunity to purchase flood insurance, and the consequences of failure to purchase flood insurance.

“(3) Rule of Construction.—Nothing in paragraph (1) 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 (1).

“(j) Availability of Preferred Risk Rating Method Premiums.—The preferred risk rate method premium shall be available for flood insurance coverage for properties located in areas referred to in subsection (i)(1) and during the time period referred to in subsection (i)(1).”.

(b) Conforming Amendment.—The second sentence of subsection (h) of section 1360 of the National
Flood Insurance Act of 1968 (42 U.S.C. 4101(h)) is amended by striking “Such” and inserting “Except for notice regarding a change described in section 102(i)(1) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(i)(1)), such”.

(c) No Refunds.—Nothing in this section or the amendments made by this section 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 subsection (a).

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

(a) In General.—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 (a), in the matter preceding paragraph (1), by inserting “or notice” after “prescribe by regulation”;

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

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

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“(g) 5-Year Phase-In of Flood Insurance Rates for Newly Mapped Areas.—Notwithstanding 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 5-year period that begins upon the later of (A) the expiration of the period referred to in section 102(i)(1) of the Flood Disaster Protection Act of 1973 with respect to such area, or (B) the expiration of any period during which such area is eligible for any reason for preferred risk rate method premiums for flood insurance coverage, the chargeable premium rate for flood insurance under this title with respect to any property that is located within such area shall be—

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

“(2) for the second year of such 5-year period, 40 percent of the chargeable risk premium rate otherwise applicable under this title to the property;
“(3) for the third year of such 5-year period, 60 percent of the chargeable risk premium rate otherwise applicable under this title to the property;

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

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

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

SEC. 8. INCREASE IN ANNUAL LIMITATION ON PREMIUM INCREASES.

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

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SEC. 9. CONSIDERATION OF CONSTRUCTION, RECONSTRUCTION, AND IMPROVEMENT OF FLOOD PROTECTION SYSTEMS IN DETERMINATION OF FLOOD INSURANCE RATES.

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

(1) in subsection (e)—

(A) 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

(B) 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

(2) in subsection (f)—

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

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

(C) 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”.

(b) REGULATIONS.—The Administrator of the Federal Emergency Management Agency shall promulgate regulations to implement this section and the amendments made by this section as soon as practicable, but not more than 18 months after the date of the enactment of this Act. Subsection (c) may not be construed to annul, alter, affect, authorize any waiver of, or establish any exception to, the requirement under the preceding sentence.

(c) IMPLEMENTATION.—The Administrator of the Federal Emergency Management Agency shall implement this section and the amendments made by this section in a manner that will not materially weaken the financial position of the national flood insurance program or increase the risk of financial liability to Federal taxpayers.
SEC. 10. DISCOUNTED FLOOD INSURANCE RATES FOR PROPERTIES PROTECTED BY A FLOOD-PROTECTION SYSTEM FROM LESS THAN A 100-YEAR FREQUENCY FLOOD.

Section 1307 of the National Flood Insurance Act of 1968 (42 U.S.C. 4014) is amended by adding at the end the following new subsection:

“(g) Except as provided in subsection (f) and notwithstanding any other provision of law, flood insurance coverage shall be made available for a property that the Director determines is protected by a flood-protection system that does not provide protection against a 100-year frequency flood at premium rates that reflect a discount for the actual protection against flood risk afforded by such flood-protection system.”.

SEC. 11. TREATMENT OF CERTAIN FLOOD PROTECTION PROJECTS.

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 by adding at the end the following new subsection:

“(h) Treatment of Certain Flood Protection Projects.—

“(1) Inapplicability of mandatory purchase requirement; premium rates.—Notwithstanding any other provision of law, upon full com-
pletion, as designed, of a flood protection system that was intended to provide flood protection with respect to a covered area, such covered area—

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

“(B) shall be eligible for flood insurance under this Act, if and to the extent that such area is eligible for such insurance under the other provisions of this Act, at premium rates not exceeding those that would be applicable under this section if the flood protection system referred to in paragraph (2) for such area had been completed and accredited as providing protection from floods at the level that the system was designed to provide (before construction, reconstruction, or improvement of the system, as applicable, began).

The flood insurance rate maps shall indicate, for each covered area, the status of the area under subparagraphs (A) and (B).

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

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

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

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

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

“(ii) for which, as of such date—

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

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

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

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

and

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

SEC. 12. 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 by adding at the end the following new subsection:

“(i) PROHIBITION OF EXTENSION OF SUBSIDIZED RATES TO LAPSED POLICIES.—The Director shall not provide flood insurance coverage under this title to any prospective insured at a rate less than the applicable estimated risk premium rates for the area (or subdivision thereof) for any policy under the flood insurance program that has lapsed in coverage, as a result of the deliberate choice of the holder of such policy.”.

SEC. 13. NOTIFICATION TO HOMEOWNERS REGARDING MANDATORY PURCHASE REQUIREMENT APPLICABILITY 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 Director, 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. 14. COMMUNITY OUTREACH PLAN FOR UPDATING FLOODPLAIN AREAS AND FLOOD-RISK ZONES.

The Administrator of the Federal Emergency Management Agency shall, not later than the expiration of the 60-day period beginning upon the date of the enactment of this Act, submit to the Congress a community outreach
plan for the updating of floodplain areas and flood-risk zones under section 1360(f) of the National Flood Insurance Act of 1968 (42 U.S.C. 4101(f)).

**SEC. 15. NOTIFICATION OF ESTABLISHMENT OF FLOOD ELEVATIONS.**

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:

“(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 Director 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. COVERAGE FOR ADDITIONAL LIVING EXPENSES AND BUSINESS INTERRUPTION.**

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

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

(A) by inserting “pursuant to paragraph (2), (3), or (4)” after “any flood insurance coverage”; and

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

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

“(6) in the case of any residential property, each renewal or new contract for flood insurance coverage shall provide not less than $1,000 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, which coverage shall be 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);

“(7) in the case of any residential property, optional coverage for additional living expenses described in paragraph (6) shall be made available to every insured upon renewal and every applicant in excess of the limits provided in paragraph (6) in such amounts and at such rates as the Director shall establish, except that such chargeable rates
shall not be less than the estimated premium rates
for such coverage determined in accordance with sec-
tion 1307(a)(1); and

“(8) in the case of any commercial property or
other residential property, including multifamily
rental property, optional coverage for losses result-
ing from any partial or total interruption of the in-
sured’s business caused by damage to, or loss of,
such property from a flood shall be made available
to every insured upon renewal and every applicant,
except that—

“(A) the Director may provide such cov-
erage under such terms, conditions, and re-
quirements as the Director considers appro-
priate to meet the needs of small businesses
while complying with the requirement under
subparagraph (C); and

“(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).”.

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SEC. 17. EXCEPTION TO WAITING PERIOD FOR EFFECTIVE DATE OF POLICIES.

Section 1306(c)(2)(A) of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(c)(2)(A)) is amended by inserting before the semicolon the following: “or is in connection with the purchase or other transfer of the property for which the coverage is provided (regardless of whether a loan is involved in the purchase or transfer transaction), but only when such initial purchase of coverage is made not later 30 days after such making, increasing, extension, or renewal of the loan or not later than 30 days after such purchase or other transfer of the property, as applicable”.

SEC. 18. 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 Director is”; and

(2) by adding at the end the following:

“(b) MINIMUM ANNUAL DEDUCTIBLES.—

“(1) PRE-FIRM PROPERTIES.—For any structure that is covered by flood insurance under this title, and on which construction or substantial improvement occurred on or before December 31, 1974, or before the effective date of an initial flood
insurance rate map published by the Director under section 1360 for the area in which such structure is located, the minimum annual deductible for damage to or loss of such structure shall be—

“(A) $1,500, if the flood insurance coverage for such structure covers loss of, or physical damage to, such structure in an amount equal to or less than $100,000; and

“(B) $2,000, if the flood insurance coverage for such structure covers loss of, or physical damage to, such structure in an amount greater than $100,000.

“(2) POST-FIRM PROPERTIES.—For any structure that is covered by flood insurance under this title, and on which construction or substantial improvement occurred after December 31, 1974, or after the effective date of an initial flood insurance rate map published by the Director under section 1360 for the area in which such structure is located, the minimum annual deductible for damage to or loss of such structure shall be—

“(A) $750, if the flood insurance coverage for such structure covers loss of, or physical damage to, such structure in an amount equal to or less than $100,000; and
“(B) $1,000, if the flood insurance coverage for such structure covers loss of, or physical damage to, such structure in an amount greater than $100,000.”.

SEC. 19. 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.—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 for such property may be paid in installments.”.

SEC. 20. 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) by redesignating paragraphs (3) and (4) as paragraphs (5) and 6), respectively; and

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

“(3) TERMINATION OF FORCE-PLACED INSURANCE.—Within 15 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.—A lender or servicer for a loan shall accept any reasonable form of written confirmation from a borrower of existing flood insurance coverage, which shall include the existing flood insurance policy number along with the identity of, and contact information for, the insurance company or agent.”.

SEC. 21. ENFORCEMENT.

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

(1) in paragraph (2)—

(A) in subparagraph (A)(iii), by striking “or” at the end;
(B) in subparagraph (B), by striking the period at the end and inserting ‘‘; or’’; and

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

“(C) in connection with the making, increasing, extending, servicing, or renewing of any loan, requiring the purchase of flood insurance coverage under the National Flood Insurance Act of 1968, or purchasing such coverage pursuant to subsection (e)(2), in an amount in excess of the minimum amount required under subsections (a) and (b) of this section.”;

(2) in paragraph (5)—

(A) in the first sentence, by striking ‘‘$350’’ and inserting ‘‘$2,000’’; and

(B) in the last sentence, by striking ‘‘$100,000’’ and inserting ‘‘$1,000,000; except that such limitation shall not apply to a regulated lending institution or enterprise for a calendar year if, in any three (or more) of the five calendar years immediately preceding such calendar year, the total amount of penalties assessed under this subsection against such lending institution or enterprise was $1,000,000’’; and
(3) in paragraph (6), by adding after the period at the end the following: “No penalty may be imposed under this subsection on a regulated lending institution or enterprise that has made a good faith effort to comply with the requirements of the provisions referred to in paragraph (2) or for any non-material violation of such requirements.”.

SEC. 22. 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 Director 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 information under subsection (b) in the manner that the manager or landlord deems most appropriate, to each such tenant and to each new tenant upon commencement of such a tenancy.”.
“(b) NOTICE.—Notice to a tenant of a property in accordance 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 Director where such information is available.”.

SEC. 23. GRANTS FOR DIRECT FUNDING OF MITIGATION ACTIVITIES 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 “DIRECT” before “GRANTS”; and
(2) in the matter in subsection (a) that pre-
ceeds 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. 24. FLOOD INSURANCE OUTREACH.

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

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

“(a) IN GENERAL.—The Director may, to the extent
amounts are made available pursuant to subsection (i),
make grants 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-Deter-
that participate in the national flood insurance program
under this title, for use by such agencies to carry out out-
reach activities to encourage and facilitate the purchase of flood insurance protection under this Act by owners and renters of properties in such communities and to promote educational activities that increase awareness of flood risk reduction.

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

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

“(2) 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;

“(3) 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;
“(4) 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;

“(5) encouraging such owners and renters to maintain or acquire such coverage;

“(6) 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 Director where such information is available; and

“(7) educate local real estate agents in communities participating in the national 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 this Act and increase awareness of flood risk reduction.

“(c) COST SHARING REQUIREMENT.—

“(1) IN GENERAL.—In any fiscal year, the Director may not provide a grant under this section to a local governmental agency in an amount exceeding 3 times the amount that the agency certifies, as the
Director shall require, that the agency will contribute from non-Federal funds to be used with grant amounts only for carrying out activities described in subsection (b).

“(2) NON-FEDERAL FUNDS.—For purposes of this subsection, 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 grant recipient, the value of the time and services contributed by volunteers to carry out such services (at a rate determined by the Director), and the value of any donated material or building and the value of any lease on a building.

“(d) ADMINISTRATIVE COST LIMITATION.—Notwithstanding subsection (b), the Director may use not more than 5 percent of amounts made available under subsection (i) to cover salaries, expenses, and other administrative costs incurred by the Director in making grants and provide assistance under this section.

“(e) APPLICATION AND SELECTION.—

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

“(2) SELECTION CONSIDERATIONS.—In selecting applications of local government agencies to receive grants under paragraph (1), the Director shall consider—

“(A) the existence of a cooperative technical partner agreement between the local governmental agency and the Federal Emergency Management Agency;

“(B) the history of flood losses in the relevant area that have occurred to properties, both inside and outside the special flood hazards zones, which are not covered by flood insurance coverage;

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

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

“(E) demonstrated technical capacity of the local governmental agency for outreach to individual property owners; and
“(F) the number of flood-related major disaster or emergency declarations made by the President with respect to the relevant area under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) during the preceding five years.

“(f) Direct Outreach by FEMA.—In each fiscal year that amounts for grants are made available pursuant to subsection (i), the Director may use not more than 50 percent of such amounts to carry out, and to enter into contracts with other entities to carry out, activities described in subsection (b) in areas that the Director determines have the most immediate need for such activities.

“(g) Coordination With Other Agencies.—A local governmental agency that receives a grant under this section, and an entity that receives amounts pursuant to subsection (f), 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 described in subsection (b) with respect to such populations or constituencies.

“(h) Reporting.—

“(1) Local Governments.—Each local government agency that receives a grant under this sec-
tion, and each entity that receives amounts pursuant to subsection (f), shall submit a report to the Director, not later than 12 months after such amounts are first received, which shall include such information as the Director considers appropriate to describe the activities conducted using such amounts and the effect of such activities on the retention or acquisition of flood insurance coverage.

“(2) DIRECTOR.—The Director shall submit an annual report, not later than December 31 of each year, 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 effectiveness of grants awarded under this section to local government agencies, the activities conducted using such grant amounts, and the effect of such activities on the retention or acquisition of flood insurance coverage.

“(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for grants under this section $50,000,000 for each of fiscal years 2012 through 2016.

“(j) PROHIBITION ON EARMARKS.—No amounts made available for grants under this section may be used for a Congressional earmark as defined in clause 9(e) of Rule XXI of the Rules of the House of Representatives.”.
SEC. 25. 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.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

“SEC. 1327. TREATMENT OF SWIMMING POOL ENCLOSURES OUTSIDE OF HURRICANE SEASON.

“In the case of any property that is otherwise in compliance with the coverage and building requirements of the national flood insurance program, the presence of an enclosed 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 building under the national flood insurance program established pursuant to this title, if the pool is enclosed with non-supporting breakaway walls.”.

SEC. 26. REQUIREMENTS RELATING TO WINDSTORM AND FLOOD.

Section 1345 of the National Flood Insurance Act of 1968 (42 U.S.C. 4081) is amended by adding at the end the following new subsection:

“(d) REQUIREMENTS FOR WRITE-YOUR-OWN INSURERS RELATING TO WINDSTORM AND FLOOD.—
“(1) Written Agreement.—The Director may not utilize the facilities or services of any insurance company or other insurer or entity to offer flood insurance coverage under this title unless such company, insurer, or entity enters into a written agreement with the Director that provides as follows:

“(A) Prohibition on exclusion of wind damage coverage.—The agreement shall prohibit the company, insurer, or entity from including, in any policy provided by the company or insurer for homeowners’ insurance coverage or coverage for damage from windstorms, any provision that excludes coverage for wind or other damage solely because flooding also contributed to damage to the insured property.

“(B) Fiduciary responsibility.—The agreement shall provide that the company, insurer, or entity—

“(i) has a fiduciary duty with respect to the Federal taxpayers;

“(ii) in selling and servicing policies for flood insurance coverage under this title and adjusting claims under such cov-
verage, will act in the best interests the na-
tional flood insurance program rather than in the interests of the company, insurer, or entity; and

“(iii) will provide written guidance to each insurance agent and claims adjuster for the company, insurer, or entity that sets forth the terms of the agreement pursuant to subparagraph (A) and this sub-
paragraph.

“(2) REQUIREMENTS FOR ADJUSTMENT OF CLAIMS.—The Director shall, in utilizing the facili-
ties of any insurance company or other insurer or entity pursuant to this section to offer flood insurance coverage under this title, the Director shall provide as follows:

“(A) APPROVAL OF ADJUSTMENT PROCEDURES.—No such insurance company, other insur-
er, or entity may offer flood insurance coverage under this title unless the Director has approved, as meeting standards as the Director shall establish, the procedures, protocols, guide-
lines, standards, or instructions used by the company, insurer, or entity in adjusting claims for identifying, apportioning, quantifying, and
differentiating damage caused by flooding and
damage caused by wind.

“(B) Treatment of wind and flood
claims from same event.—The Director
shall require any insurance company or other
insurer or entity that, pursuant to this section,
provides flood insurance coverage under this
title for a property and that also provides insur-
ance coverage for the same property for losses
resulting from wind, when claims are made both
for damage resulting from flood and for damage
resulting from wind involved in a single event,
to comply with the following requirements:

“(i) Contemporaneous adjustment.—The claims for damage to the
property under the coverage under this
title for losses from flood and under the
coverage for losses from wind shall be ad-
justed contemporaneously.

“(ii) Inclusions in flood claim
file.—The insurance company, other in-
surer, or entity shall obtain and include in
the file maintained with respect to any
claim under the flood insurance coverage
under this title, and make available to the
Director upon request, the following information relating to the wind claim:

“(I) The amount paid on the claim and the date of such payment.

“(II) An explanation of rationale used by the company, insurer, or entity in determining which damage resulted from flood and which damage resulted from wind.

“(III) Copies of any photographs, witness statements, and other evidence related to the wind or flood claim.

“(iii) REVIEW.—The Director shall review the information obtained pursuant to clause (ii) to ensure that—

“(I) claims are paid under coverage under this title only for losses resulting from flood; and

“(II) in the adjusting the claims, the insurance company or other insurer or entity complied with procedures, protocols, guidelines, standards, or instructions for identifying, apportioning, quantifying, and dif-
fferentiating damage caused by flood-
ing and damage caused by wind that
have been approved by the Director as
meeting the standards established by
the Director pursuant to subpara-
graph (A).

“(iv) Payment under flood cov-
erage when cause of loss cannot be
determined.—If the insurance company
or other insurer or entity determines that
the loss claimed was caused by flooding or
wind, but that the evidence is insufficient
to differentiate the losses caused by flood-
ing from those caused by wind, the com-
pany, insurer, or entity shall pay the claim
under the flood insurance coverage for the
property as if the entire loss were caused
by flooding, and shall submit all informa-
tion regarding the claim to the Director.

“(v) FEMA determination and re-
covery.—In the case of any claim paid
pursuant to clause (iv), the Director shall
review the information related to the claim
and determine, in accordance with proce-
dures for making such a determination re-
garding such claims as the Director shall establish, the losses caused by wind. The Director shall seek to recover any portion of the losses that the Director determines were caused by wind from the insurance company or other insurer or entity that, pursuant to clause (iv), paid such losses as flood losses.”.

SEC. 27. 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 esroring 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 con-
venient and available option with respect to other loans.”.

SEC. 28. AUTHORIZATION OF ADDITIONAL FEMA STAFF.
Notwithstanding any other provision of law, the Di-
rector of the Federal Emergency Management Agency
may employ such additional staff as may be necessary to
carry out all of the responsibilities of the Director pursu-
ant to this Act, the amendments made by this Act, and
the national flood insurance program. There are author-
ized to be appropriated to Director such sums as may be
necessary for costs of employing such additional staff.

SEC. 29. PLAN TO VERIFY MAINTENANCE OF FLOOD INSUR-
ANCE ON MISSISSIPPI AND LOUISIANA PROPER-
TIES RECEIVING EMERGENCY SUPPLEMENTAL FUNDS.
The Secretary of Housing and Urban Development
and the Director of the Federal Emergency Management
Agency shall jointly develop and implement a plan to
verify that persons receiving funds under the Homeowner
Grant Assistance Program of the State of Mississippi or
the Road Home Program of the State of Louisiana from
amounts allocated to the State of Mississippi or the State
of Louisiana, respectively, from the Community develop-
ment fund under the Emergency Supplemental Appropria-
tions Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006 (Public Law 109–148) are maintaining flood insurance on the property for which such persons receive such funds as required by each such Program.

SEC. 30. FLOOD INSURANCE ADVOCATE.

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

"SEC. 1330A. OFFICE OF THE FLOOD INSURANCE ADVOCATE.

"(a) Establishment of Position.—

"(1) In general.—There shall be in the Federal Emergency Management Agency an Office of the Flood Insurance Advocate which shall be headed by the National Flood Insurance Advocate. The National Flood Insurance Advocate shall report directly to the Director and shall, to the extent amounts are provided pursuant to subsection (f), be compensated at the same rate as the highest rate of basic pay established for the Senior Executive Service under section 5382 of title 5, United States Code, or, if the Director so determines, at a rate fixed under section 9503 of such title."
“(2) APPOINTMENT.—The National Flood Insurance Advocate shall be appointed by the Director, and without regard to the provisions of title 5, United States Code, relating to appointments in the competitive service or the Senior Executive Service.

“(3) QUALIFICATIONS.—An individual appointed under paragraph (2) shall have a background in customer service as well as insurance.

“(4) STAFF.—To the extent amounts are provided pursuant to subsection (f), the National Flood Insurance Advocate may employ such personnel as may be necessary to carry out the duties of the Office.

“(b) FUNCTIONS OF OFFICE.—

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

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

“(B) identify areas in which such insureds have problems in dealings with the Agency relating to such program;
“(C) identify potential legislative, administrative, or regulatory changes which may be appropriate to mitigate such problems;

“(D) assist communities and homeowners with interpreting, implementing, and appealing floodplain maps and floodplain map determinations;

“(E) facilitate the sharing of the best-practices of the Federal Emergency Management Agency amongst all offices of the Agency with respect to the creation and updating of floodplain maps;

“(F) not less than one year after receipt of a request from a community, perform an economic impact analysis for such community on the economic impact of floodplain maps and floodplain map determinations on small businesses, lending, real estate development, and other economic indicators within such community;

“(G) establish a national arbitration panel regarding flood map modernization, with panel members consisting of experts in flood insurance, flood map determination, real estate development, structural engineering, and other
such experts, including a representative from
the Federal Emergency Management Adminis-
tration, to allow individuals or communities im-
pacted by a flood map revision to challenge
such a revision; such panel may, under such
terms and conditions it may establish, tempo-
rarily suspend implementation of a floodplain
map pending such panel's review of evidence
submitted by such individuals or communities
as part of such challenge;

“(H) establish a process under which sci-
entific and engineering data, including maps
and an explanation of how the Director makes
a determination regarding a map revision, will
be made publicly available to any interested in-
dividuals to be impacted by a flood map revi-

“(I) establish a process under which each
community to be impacted by a flood map revi-
sion will be provided an open community forum
to consult with and ask questions of representa-
tives of the Federal Emergency Management
Administration; and
“(J) identify ways to assist communities in efforts to fund the accreditation of flood protection systems.

“(2) Annual reports.—

“(A) Activities.—Not later than December 31 of each calendar year, the National Flood Insurance Advocate shall 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 activities of the Office of the Flood Insurance Advocate during the fiscal year ending during such calendar year. Any such report shall contain full and substantive analysis, in addition to statistical information, and shall—

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

“(ii) identify areas of the law or regulations relating to the national flood insurance program that impose significant com-
pliance burdens on such insureds or the Federal Emergency Management Agency, including specific recommendations for remedying these problems; and

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

“(B) Direct Submission of Report.— Each report required under this paragraph shall be provided directly to the committees identified in subparagraph (A) without any prior review or comment from the Director, the Secretary of Homeland Security, or any other officer or employee of the Federal Emergency Management Agency or the Department of Homeland Security, or the Office of Management and Budget.

“(c) Funding.—Pursuant to section 1310(a)(4), the Director may use amounts from the National Flood Insurance Fund to fund the activities of the Office of the Flood Advocate in each of fiscal years 2012 through 2017, except that the amount so used in each such fiscal year may not exceed $5,000,000 and shall remain available until expended. Notwithstanding any other provision of this title, amounts made available pursuant to this subsection shall
not be subject to offsetting collections through premium
rates for flood insurance coverage under this title.”.

SEC. 31. TREATMENT OF PREVIOUSLY MAPPED AREAS.

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 PREVIOUSLY MAPPED
AREAS.—If the Director issues a letter of map revision
for an area or a portion of an area to correct an error
in a recently issued flood insurance rate map and such
letter results in the designation of such area as not having
special flood hazards, the Director shall reexamine the
designation of any areas bordering or abutting the area
that was the subject of such letter if such areas are located
within a special flood hazard area. The Director shall in-
form the community and residents within such area of the
results of such examination no later than one year after
the date of the initial letter of map revision.”.

SEC. 32. REMAPPING OF AREAS WITH IMPROVED 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:

“(l) REMAPPING OF AREAS WITH IMPROVED LEVEES.—If at any time any community, any State, the Army
Corps of Engineers, or any other entity improves any levee
system that protects any area that is located in an area having special flood hazards and the Director determines that such improvement mitigates flood risk in a manner that eliminates the risk of flooding in the area, the Director shall—

“(1) revise and update the floodplain areas and flood risk zones, and the flood insurance maps reflecting such areas and zones, for the areas protected by such levee system so that any requirement under the Flood Disaster Protection Act of 1973 for mandatory purchase of flood insurance does not apply to such area; and

“(2) make the updated maps and any information regarding such updating available to the affected communities.”.

SEC. 33. APPEALS.

(a) TELEVISION AND RADIO ANNOUNCEMENT.—Section 1363 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104) is amended—

(1) in subsection (a), by inserting after “determinations” by inserting the following: “by notifying a local television and radio station,”; and

(2) in the first sentence of subsection (b), by inserting before the period at the end the following:
“and shall notify a local television and radio station at least once during the same 10-day period”.

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply with respect to any flood elevation determination for any area in a community that has not, as of the date of the enactment of this Act, been issued a Letter of Final Determination for such determination under the flood insurance map modernization process.

SEC. 34. ELIGIBILITY OF PROPERTY DEMOLITION AND REBUILDING UNDER FLOOD MITIGATION ASSISTANCE PROGRAM.

(a) FLOOD MITIGATION ASSISTANCE PROGRAM.—Section 1366(e)(5)(B) of the National Flood Insurance Act of 1968 (42 U.S.C. 4104c(e)(5)(B)) is amended by striking “or floodproofing” and inserting “floodproofing, or demolition and rebuilding of properties to at least base flood elevation or greater, if required by any local ordinance”.

(b) SENSE OF CONGRESS.—It is the sense of Congress that section 1366 of the Flood Insurance Act of 1968 (42 U.S.C. 4104c), as in effect on the day before the date of enactment of this Act, authorized the Administrator of the Federal Emergency Management Agency to consider property demolition and rebuilding as eligible activities under the Flood Mitigation Assistance Program.
SEC. 35. STUDY REGARDING MANDATORY PURCHASE REQUIREMENT FOR NON-FEDERALLY RELATED LOANS.

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

(b) REPORT.—The Comptroller General shall submit a report to the Congress regarding the results and conclusions of the study under subsection (a) not later than the expiration of the 6-month period beginning on the date of the enactment of this Act.
SEC. 36. STUDY OF METHODS TO INCREASE FLOOD INSURANCE PROGRAM PARTICIPATION BY LOW-INCOME FAMILIES AND FAMILIES IN RURAL COMMUNITIES AND ON INDIAN RESERVATIONS.

(a) In General.—The Comptroller General of the United States shall conduct a study to identify and analyze potential methods, practices, and incentives that would increase the extent to which low-income families (as such term is defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b))), families residing in rural communities, and families who reside on Indian reservations, that own residential properties located within areas having special flood hazards purchase flood insurance coverage for such properties under the national flood insurance program. In conducting the study, the Comptroller General shall analyze the effectiveness and costs of the various methods, practices, and incentives identified, including their effects on the national flood insurance program.

(b) Report.—The Comptroller General shall submit to the Congress a report setting forth the conclusions of the study under this section not later than 12 months after the date of the enactment of this Act.
SEC. 37. 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. 38. STUDY ON REPAYING FLOOD INSURANCE DEBT.

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 submit a report to the Congress setting forth a plan for repaying within 10 years all amounts, including any amounts previously borrowed but not yet repaid, owed pursuant to clause (2) of subsection (a) of section 1309...
of the National Flood Insurance Act of 1968 (42 U.S.C. 4016(a)(2)).

SEC. 39. STUDY REGARDING CERTAIN HARBOR AREAS.

(a) Study.—The Administrator of the Federal Emergency Management Agency shall carry out a study to identify the impacts of the National Flood Insurance Program on harbor areas that are working water fronts, which shall—

(1) identify the models and assumptions used under such program with respect to wave action in working water fronts and harbors;

(2) determine whether these are the same models and assumptions used for open or unprotected coast lines;

(3) identify the assumptions used under such program in modeling V-zones;

(4) identify the underlying basis for projected impact of waves on working water fronts;

(5) identify the frequency with which individual working water fronts receive revised flood-risk based on the data they provide;

(6) determine the feasibility of basing flood maps for such working water fronts on actual historical flood and damage data;
(7) identify the standards for construction and design of working waterfront infrastructure that would be needed to safely develop commercial buildings in the V-zone;

(8) determine the economic impacts of the National Flood Insurance Program on working water-fronts and working waterfront dependant businesses;

(9) identify any new or alternative models that may be used to more accurately reflect the risk of flooding in working water-fronts and harbor environments;

(10) review the current coastal flood insurance study guidelines and recommended methodologies;

(11) determine whether methodologies other than those referred to in paragraph (10) should be applied with respect to complicated harbors and open shorelines;

(12) review where 2–D ST Wave methodology should be applied and where other methodologies should be applied;

(13) review available data on wave attenuation through pilings and piers and determine whether a physical model for the attenuation of waves in that environment can be undertaken to derive such data; and
(14) include any other information the Administrator considers relevant to evaluating the flood risk and insurance challenges facing working waterfronts.

(b) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Administrator shall submit to the Congress a report setting forth the results and conclusions of the study, including—

(1) a description of all of the matters identified and determined pursuant to subsection (a); and

(2) an analysis of the feasibility of developing a sheltered harbor flood zone for purposes of the National Flood Insurance Program that specifically recognizes the unique challenges faced by working waterfronts and built-up harbors.

(c) DEFINITION.—In this section, the term “working waterfront” means real property (including support structures over water and other facilities) that provides access to coastal waters to persons engaged in commercial fishing, recreational fishing business, boatbuilding, aquaculture, or other water-dependent coastal-related business and is used for, or that supports, commercial fishing, recreational fishing, boatbuilding, aquaculture, or other water-dependent coastal-related business.
SEC. 40. STUDY REGARDING HAZARD MODELING.

The Administrator of the Federal Emergency Management Agency shall conduct a study to identify and assess the impacts, including short-term and long-term impacts, of significant flooding events and subsequent revisions of hazard modeling and mapping since January 1, 2000, on the financial soundness of the national flood insurance program. The Administrator may enter into an agreement with Water Resources Research Institutes to conduct the study under this section. The Administrator shall provide for a final report regarding the study to be submitted to the Congress not later than the expiration of the 16-month period beginning on the date of the enactment of this Act. The report may include recommendations of the Administrator with respect to revising hazard modeling and mapping.

SEC. 41. STUDY REGARDING IMPACT OF RATE INCREASES ON PRE-FIRM PROPERTIES.

(a) In General.—The Comptroller General of the United States shall conduct a study to assess the impacts of implementing provisions regarding pre-FIRM properties (as such term is defined in section 578(b) of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4014)), including the impact on the program participation rate among owners, renters, and tenants of non-primary residences or commercial nonresidential properties. In
conducting the study, the Comptroller General shall ana-
lyze the cost effectiveness and effect on local government
tax base of various options, including an option of imple-
menting such provisions on the severe repetitive loss prop-
eries only.

(b) REPORT.—The Comptroller General shall submit
a report to Congress regarding the results and conclusions
of the study under subsection (a) not later than the expi-
ration of the 9-month period beginning on the date of en-
actment of this Act.

SEC. 42. STUDY OF EFFECTS OF ACT.

(a) STUDY.—The Administrator of the Federal
Emergency Management Agency shall conduct a study to
identify and assess the impacts, including short-term and
long-term impacts, of this Act and the amendments made
by this Act on the financial soundness of the national flood
insurance program.

(b) REPORT.—Not later than 12 months after the
date of the enactment of this Act, the Administrator shall
submit a report to the Congress setting forth the results
and conclusions of study under subsection (a), which shall
include specific recommendations for actions to mitigate
against any negative financial impacts resulting from this
Act and the amendments made by this Act that could in-
crease the debt of the national flood insurance program.
SEC. 43. REIMBURSEMENT FOR COSTS INCURRED BY
HOMEOWNERS OBTAINING LETTERS OF MAP
AMENDMENT.

If the owner of any property located in an area de-
scribed in section 102(i)(1) of the Flood Disaster Protec-
tion Act of 1973 (as added by the preceding provisions
of this Act) obtains a letter of map amendment during
the 5-year period for such area referred to in such section,
the Administrator of the Federal Emergency Management
Agency shall reimburse such owner, or such entity or ju-
risdiction acting on such owner’s behalf, for any costs in-
curred in obtaining such letter.

SEC. 44. INTERIM FINAL RULEMAKING.

The Administrator of the Federal Emergency Man-
agement Agency shall issue an interim final rule to imple-
ment the amendments made by this Act as soon as prac-
ticable, but not more than 18 months after the date of
the enactment of this Act. The Administrator of the Fed-
eral Emergency Management Agency shall issue a final
rule within one year after the effective date of the interim
final rule. In the event that the deadlines in this section
are not met, the Administrator shall report to the Con-
gress monthly on the status of the rulemakings and the
reasons for the failure to comply with the statutory dead-
lines.
SEC. 45. STUDY ON PRIVATE INSURANCE MARKET, COMMUNITY PARTICIPATION IN THE NATIONAL FLOOD INSURANCE PROGRAM, AND THE REGIONALIZATION OF THE NATIONAL FLOOD INSURANCE PROGRAM.

(a) Study.—The Comptroller General shall conduct a study on—

(1) ways that the private insurance market can contribute to insuring against flood damage;

(2) the impact on the National Flood Insurance Program if communities decide not to participate in the Program; and

(3) the feasibility of regionalizing the National Flood Insurance Program and ensuring that there is no cross-subsidization between regions under such Program.

(b) Report.—Not later than one year after the date of the enactment of this Act, the Comptroller General shall submit to Congress a report containing the results of the study conducted under subsection (a).

SEC. 46. ETHICS COMPLIANCE.

All funds authorized under this Act or any amendment made by this Act shall be expended in a manner that is consistent with the manual on Standards of Ethical Conduct for Employees of the Executive Branch.