

113TH CONGRESS
2D SESSION

H. R. 3370

AN ACT

To delay the implementation of certain provisions of the Biggert-Waters Flood Insurance Reform Act of 2012, 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,*

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

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Homeowner Flood Insurance Affordability Act of 2014”.

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

- Sec. 1. Short title and table of contents.
- Sec. 2. Definitions.
- Sec. 3. Repeal of certain rate increases.
- Sec. 4. Restoration of grandfathered rates.
- Sec. 5. Requirements regarding annual rate increases.
- Sec. 6. Clarification of rates for properties newly mapped into areas with special flood hazards.
- Sec. 7. Premiums and reports.
- Sec. 8. Annual premium surcharge.
- Sec. 9. Draft affordability framework.
- Sec. 10. Risk transfer.
- Sec. 11. Monthly installment payment for premiums.
- Sec. 12. Optional high-deductible policies for residential properties.
- Sec. 13. Exclusion of detached structures from mandatory purchase requirement.
- Sec. 14. Accounting for flood mitigation activities in estimates of premium rates.
- Sec. 15. Home improvement fairness.
- Sec. 16. Affordability study and report.
- Sec. 17. Flood insurance rate map certification.
- Sec. 18. Funds to reimburse homeowners for successful map appeals.
- Sec. 19. Flood protection systems.
- Sec. 20. Quarterly reports regarding Reserve Fund ratio.
- Sec. 21. Treatment of floodproofed residential basements.
- Sec. 22. Exemption from fees for certain map change requests.
- Sec. 23. Study of voluntary community-based flood insurance options.
- Sec. 24. Designation of flood insurance advocate.
- Sec. 25. Exceptions to escrow requirement for flood insurance payments.
- Sec. 26. Flood mitigation methods for buildings.
- Sec. 27. Mapping of non-structural flood mitigation features.
- Sec. 28. Clear communications.
- Sec. 29. Protection of small businesses, non-profits, houses of worship, and residences.
- Sec. 30. Mapping.
- Sec. 31. Disclosure.

6 **SEC. 2. DEFINITIONS.**

7 For purposes of this title, the following definitions
8 shall apply:

1 (1) ADMINISTRATOR.—The term “Adminis-
2 trator” means the Administrator of the Federal
3 Emergency Management Agency.

4 (2) NATIONAL FLOOD INSURANCE PROGRAM.—
5 The term “National Flood Insurance Program”
6 means the program established under the National
7 Flood Insurance Act of 1968 (42 U.S.C. 4001 et
8 seq.).

9 **SEC. 3. REPEAL OF CERTAIN RATE INCREASES.**

10 (a) REPEAL.—

11 (1) IN GENERAL.—Section 1307(g) of the Na-
12 tional Flood Insurance Act of 1968 (42 U.S.C.
13 4014(g)) is amended—

14 (A) by striking paragraphs (1) and (2);

15 (B) in paragraph (3), by striking “as a re-
16 sult of the deliberate choice of the holder of
17 such policy” and inserting “, unless the decision
18 of the policy holder to permit a lapse in flood
19 insurance coverage was as a result of the prop-
20 erty covered by the policy no longer being re-
21 quired to retain such coverage”; and

22 (C) by redesignating paragraphs (3) and
23 (4) as paragraphs (1) and (2), respectively.

24 (2) EFFECTIVE DATE.—The Administrator
25 shall make available such rate tables, as necessary to

1 implement the amendments made by paragraph (1)
2 as if it were enacted as part of the Biggert-Waters
3 Flood Insurance Reform Act of 2012 (Public Law
4 112–141; 126 Stat. 957).

5 (3) IMPLEMENTATION, COORDINATION, AND
6 GUIDANCE.—

7 (A) FACILITATION OF TIMELY REFUNDS.—

8 To ensure the participation of Write Your Own
9 companies (as such term is defined in section
10 100202(a) of the Biggert-Waters Flood Insur-
11 ance Reform Act of 2012 (42 U.S.C. 4004(a)),
12 the Administrator and the Federal Emergency
13 Management Agency shall consult with Write
14 Your Own companies throughout the develop-
15 ment of guidance and rate tables necessary to
16 implement the provisions of and the amend-
17 ments made by this Act.

18 (B) IMPLEMENTATION AND GUIDANCE.—

19 The Administrator shall issue final guidance
20 and rate tables necessary to implement the pro-
21 visions of and the amendments made by this
22 Act not later than eight months following the
23 date of the enactment of this Act. Write Your
24 Own companies, in coordination with the Fed-
25 eral Emergency Management Agency, shall

1 have not less than six months but not more
2 than eight months following the issuance of
3 such final guidance and rate tables to imple-
4 ment the changes required by such final guid-
5 ance and rate tables.

6 (4) REFUND OF EXCESS PREMIUM CHARGES
7 COLLECTED.—The Administrator shall refund di-
8 rectly to insureds any premiums for flood insurance
9 coverage under the National Flood Insurance Pro-
10 gram collected in excess of the rates required under
11 the provisions of and amendments made by this sec-
12 tion. To allow for necessary and appropriate imple-
13 mentation of such provisions and amendments, any
14 premium changes necessary to implement such pro-
15 visions and amendments, including any such pre-
16 mium refund due to policy holders, which shall be
17 paid directly by the National Flood Insurance Pro-
18 gram, shall not be charged or paid to policyholders
19 by the National Flood Insurance Program until after
20 the Administrator issues guidance and makes avail-
21 able such rate tables to implement the provisions of
22 and amendments made by this Act.

23 (b) ASSUMPTION OF POLICIES AT EXISTING PRE-
24 MIUM RATES.—The Administrator shall provide that the
25 purchaser of a property that, as of the date of such pur-

1 chase, is covered under an existing flood insurance policy
2 under this title may assume such existing policy and cov-
3 erage for the remainder of the term of the policy at the
4 chargeable premium rates under such existing policy. Such
5 rates shall continue with respect to such property until
6 the implementation of subsection (a).

7 **SEC. 4. RESTORATION OF GRANDFATHERED RATES.**

8 (a) IN GENERAL.—Section 1308 of the National
9 Flood Insurance Act of 1968 (42 U.S.C. 4015) is amend-
10 ed—

11 (1) by striking subsection (h); and

12 (2) by redesignating subsection (i) as subsection
13 (h).

14 (b) EFFECTIVE DATE.—The amendments made by
15 subsection (a) shall take effect as if enacted as part of
16 the Biggert-Waters Flood Insurance Reform Act of 2012
17 (Public Law 112–141; 126 Stat. 957).

18 **SEC. 5. REQUIREMENTS REGARDING ANNUAL RATE IN-**
19 **CREASES.**

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

22 (1) in the matter preceding paragraph (1), by
23 striking “, the chargeable risk premium rates for
24 flood insurance under this title for any properties”;

1 (2) in paragraph (1), by inserting “the charge-
2 able risk premium rates for flood insurance under
3 this title for any properties” before “within any”;

4 (3) in paragraph (2), by inserting “the charge-
5 able risk premium rates for flood insurance under
6 this title for any properties” before “described in”;

7 (4) by redesignating paragraphs (1) and (2), as
8 so amended, as paragraphs (3) and (4), respectively;
9 and

10 (5) by inserting before paragraph (3), as so re-
11 designated, the following new paragraphs:

12 “(1) the chargeable risk premium rate for flood
13 insurance under this title for any property may not
14 be increased by more than 18 percent each year, ex-
15 cept—

16 “(A) as provided in paragraph (4);

17 “(B) in the case of property identified
18 under section 1307(g); or

19 “(C) in the case of a property that—

20 “(i) is located in a community that
21 has experienced a rating downgrade under
22 the community rating system program car-
23 ried out under section 1315(b);

24 “(ii) is covered by a policy with re-
25 spect to which the policyholder has—

1 “(I) decreased the amount of the
2 deductible; or

3 “(II) increased the amount of
4 coverage; or

5 “(iii) was misrated;

6 “(2) the chargeable risk premium rates for
7 flood insurance under this title for any properties
8 initially rated under section 1307(a)(2) within any
9 single risk classification, excluding properties for
10 which the chargeable risk premium rate is not less
11 than the applicable estimated risk premium rate
12 under section 1307(a)(1), shall be increased by an
13 amount that results in an average of such rate in-
14 creases for properties within the risk classification
15 during any 12-month period of not less than 5 per-
16 cent of the average of the risk premium rates for
17 such properties within the risk classification upon
18 the commencement of such 12-month period;”;

19 (6) in paragraph (3) (as so redesignated by
20 paragraph (4) of this section), by striking “20 per-
21 cent” and inserting “15 percent”; and

22 (7) in paragraph (4) (as so redesignated) by
23 paragraph (4) of this section), by striking “para-
24 graph (1)” and inserting “paragraph (3)”.

1 **SEC. 6. CLARIFICATION OF RATES FOR PROPERTIES**
2 **NEWLY MAPPED INTO AREAS WITH SPECIAL**
3 **FLOOD HAZARDS.**

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

8 “(i) RATES FOR PROPERTIES NEWLY MAPPED INTO
9 AREAS WITH SPECIAL FLOOD HAZARDS.—Notwith-
10 standing subsection (f), the premium rate for flood insur-
11 ance under this title that is purchased on or after the date
12 of the enactment of this subsection—

13 “(1) on a property located in an area not pre-
14 viously designated as having special flood hazards
15 and that, pursuant to any issuance, revision, updat-
16 ing, or other change in a flood insurance map, be-
17 comes designated as such an area; and

18 “(2) where such flood insurance premium rate
19 is calculated under subsection (a)(1) of section 1307
20 (42 U.S.C. 4014(a)(1)),

21 shall for the first policy year be the preferred risk pre-
22 mium for the property and upon renewal shall be cal-
23 culated in accordance with subsection (e) of this section
24 until the rate reaches the rate calculated under subsection
25 (a)(1) of section 1307.”.

1 **SEC. 7. PREMIUMS AND REPORTS.**

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

6 “(j) PREMIUMS AND REPORTS.—In setting premium
7 risk rates, in addition to striving to achieve the objectives
8 of this title the Administrator shall also strive to minimize
9 the number of policies with annual premiums that exceed
10 one percent of the total coverage provided by the policy.
11 For any policies premiums that exceed this one percent
12 threshold, the Administrator shall report such exceptions
13 to the Committee on Financial Services of the House of
14 Representatives and the Committee on Banking, Housing,
15 and Urban Affairs of the Senate.”.

16 **SEC. 8. ANNUAL PREMIUM SURCHARGE.**

17 (a) PREMIUM SURCHARGE.—Chapter I of the Na-
18 tional Flood Insurance Act of 1968 (42 U.S.C. 4011 et
19 seq.) is amended by inserting after section 1308 the fol-
20 lowing new section:

21 **“SEC. 1308A. PREMIUM SURCHARGE.**

22 “(a) IMPOSITION AND COLLECTION.—The Adminis-
23 trator shall impose and collect an annual surcharge, in the
24 amount provided in subsection (b), on all policies for flood
25 insurance coverage under the National Flood Insurance
26 Program that are newly issued or renewed after the date

1 of the enactment of this section. Such surcharge shall be
2 in addition to the surcharge under section 1304(b) and
3 any other assessments and surcharges applied to such cov-
4 erage.

5 “(b) AMOUNT.—The amount of the surcharge under
6 subsection (a) shall be—

7 “(1) \$25, except as provided in paragraph (2);

8 and

9 “(2) \$250, in the case of a policy for any prop-
10 erty that is—

11 “(A) a non-residential property; or

12 “(B) a residential property that is not the
13 primary residence of an individual.

14 “(c) TERMINATION.—Subsections (a) and (b) shall
15 cease to apply on the date on which the chargeable risk
16 premium rate for flood insurance under this title for each
17 property covered by flood insurance under this title, other
18 than properties for which premiums are calculated under
19 subsection (e) or (f) of section 1307 or section 1336 of
20 this Act (42 U.S.C. 4014, 4056) or under section 100230
21 of the Biggert-Waters Flood Insurance Reform Act of
22 2012 (42 U.S.C. 4014 note), is not less than the applica-
23 ble estimated risk premium rate under section 1307(a)(1)
24 for such property.”.

1 (b) DEPOSIT IN RESERVE FUND.—Subsection (c) of
2 section 1310A of the National Flood Insurance Act of
3 1968 (42 U.S.C. 4017a) is amended by adding at the end
4 the following new paragraph:

5 “(4) DEPOSIT OF PREMIUM SURCHARGES.—The
6 Administrator shall deposit in the Reserve Fund any
7 surcharges collected pursuant to section 1308A.”.

8 **SEC. 9. DRAFT AFFORDABILITY FRAMEWORK.**

9 (a) IN GENERAL.—The Administrator shall prepare
10 a draft affordability framework that proposes to address,
11 via programmatic and regulatory changes, the issues of
12 affordability of flood insurance sold under the National
13 Flood Insurance Program, including issues identified in
14 the affordability study required under section 100236 of
15 the Bigger-Waters Flood Insurance Reform Act of 2012
16 (Public Law 112–141; 126 Stat. 957).

17 (b) CRITERIA.—In carrying out the requirements
18 under subsection (a), the Administrator shall consider the
19 following criteria:

20 (1) Accurate communication to consumers of
21 the flood risk associated with their properties.

22 (2) Targeted assistance to flood insurance pol-
23 icy holders based on their financial ability to con-
24 tinue to participate in the National Flood Insurance
25 Program.

1 (3) Individual or community actions to mitigate
2 the risk of flood or lower the cost of flood insurance.

3 (4) The impact of increases in risk premium
4 rates on participation in the National Flood Insur-
5 ance Program.

6 (5) The impact flood insurance rate map up-
7 dates have on the affordability of flood insurance.

8 (c) DEADLINE FOR SUBMISSION.—Not later than 18
9 months after the date on which the Administrator submits
10 the affordability study referred to in subsection (a), the
11 Administrator shall submit to the full Committee on
12 Banking, Housing, and Urban Affairs and the full Com-
13 mittee on Appropriations of the Senate and the full Com-
14 mittee on Financial Services and the full Committee on
15 Appropriations of the House of Representatives the draft
16 affordability framework required under subsection (a).

17 (d) INTERAGENCY AGREEMENTS.—The Adminis-
18 trator may enter into an agreement with another Federal
19 agency to—

20 (1) complete the affordability study referred to
21 in subsection (a); or

22 (2) prepare the draft affordability framework
23 required under subsection (a).

24 (e) RULE OF CONSTRUCTION.—Nothing in this sec-
25 tion shall be construed to provide the Administrator with

1 the authority to provide assistance to homeowners based
2 on affordability that was not available prior to the enact-
3 ment of the Biggert-Waters Flood Insurance Reform Act
4 of 2012 (Public Law 112–141; 126 Stat. 916).

5 **SEC. 10. RISK TRANSFER.**

6 Section 1345 of the National Flood Insurance Act of
7 1968 (42 U.S.C. 4081) is amended by adding at the end
8 the following new subsection:

9 “(e) RISK TRANSFER.—The Administrator may se-
10 cure reinsurance of coverage provided by the flood insur-
11 ance program from the private reinsurance and capital
12 markets at rates and on terms determined by the Adminis-
13 trator to be reasonable and appropriate, in an amount suf-
14 ficient to maintain the ability of the program to pay
15 claims.”.

16 **SEC. 11. MONTHLY INSTALLMENT PAYMENT FOR PRE-**
17 **MIUMS.**

18 (a) IN GENERAL.—Subsection (g) of section 1308 of
19 the National Flood Insurance Act of 1968 (42 U.S.C.
20 4015(g)) is amended by striking “either annually or in
21 more frequent installments” and inserting “annually or
22 monthly”.

23 (b) IMPLEMENTATION.—The Administrator shall im-
24 plement the requirement under section 1308(g) of the Na-
25 tional Flood Insurance Act of 1968, as amended by sub-

1 section (a), not later than the expiration of the 18-month
2 period beginning on the date of the enactment of this Act.

3 **SEC. 12. OPTIONAL HIGH-DEDUCTIBLE POLICIES FOR RESI-**
4 **DENTIAL PROPERTIES.**

5 Section 1306 of the National Flood Insurance Act of
6 1968 (42 U.S.C. 4013)), as amended by the preceding
7 provisions of this Act, is further amended by adding at
8 the end the following new subsection:

9 “(e) **OPTIONAL HIGH-DEDUCTIBLE POLICIES FOR**
10 **RESIDENTIAL PROPERTIES.—**

11 “(1) **AVAILABILITY.—**In the case of residential
12 properties, the Administrator shall make flood insur-
13 ance coverage available, at the option of the insured,
14 that provides for a loss-deductible for damage to the
15 covered property in various amounts, up to and in-
16 cluding \$10,000.

17 “(2) **DISCLOSURE.—**

18 “(A) **FORM.—**The Administrator shall pro-
19 vide the information described in subparagraph
20 (B) clearly and conspicuously on the application
21 form for flood insurance coverage or on a sepa-
22 rate form, segregated from all unrelated infor-
23 mation and other required disclosures.

24 “(B) **INFORMATION.—**The information de-
25 scribed in this subparagraph is—

1 “(i) information sufficient to inform
2 the applicant of the availability of the cov-
3 erage option required by paragraph (1) to
4 applicants for flood insurance coverage;
5 and

6 “(ii) a statement explaining the effect
7 of a loss-deductible and that, in the event
8 of an insured loss, the insured is respon-
9 sible out-of-pocket for losses to the extent
10 of the deductible selected.”.

11 **SEC. 13. EXCLUSION OF DETACHED STRUCTURES FROM**
12 **MANDATORY PURCHASE REQUIREMENT.**

13 (a) **EXCLUSION.**—Subsection (c) of section 102 of the
14 Flood Disaster Protection Act of 1973 (42 U.S.C.
15 4012a(c)) is amended by adding at the end the following
16 new paragraph:

17 “(3) **DETACHED STRUCTURES.**—Notwith-
18 standing any other provision of this section, flood in-
19 surance shall not be required, in the case of any res-
20 idential property, for any structure that is a part of
21 such property but is detached from the primary resi-
22 dential structure of such property and does not serve
23 as a residence.”.

1 (b) RESPA STATEMENT.—Section 5(b) of the Real
2 Estate Settlement Procedures Act of 1974 (12 U.S.C.
3 2604(b)) is amended—

4 (1) in paragraph (14), by inserting before the
5 period at the end the following: “, and the following
6 statement: ‘Although you may not be required to
7 maintain flood insurance on all structures, you may
8 still wish to do so, and your mortgage lender may
9 still require you to do so to protect the collateral se-
10 curing the mortgage. If you choose to not maintain
11 flood insurance on a structure, and it floods, you are
12 responsible for all flood losses relating to that struc-
13 ture.’”; and

14 (2) by transferring and inserting paragraph
15 (14), as so amended, after paragraph (13).

16 **SEC. 14. ACCOUNTING FOR FLOOD MITIGATION ACTIVITIES**
17 **IN ESTIMATES OF PREMIUM RATES.**

18 Subparagraph (A) of section 1307(a)(1) of the Na-
19 tional Flood Insurance Act of 1968 (42 U.S.C.
20 4014(a)(1)(A)) is amended to read as follows:

21 “(A) based on consideration of—

22 “(i) the risk involved and accepted ac-
23 tuarial principles; and

24 “(ii) the flood mitigation activities
25 that an owner or lessee has undertaken on

1 a property, including differences in the risk
2 involved due to land use measures,
3 floodproofing, flood forecasting, and simi-
4 lar measures.”.

5 **SEC. 15. HOME IMPROVEMENT FAIRNESS.**

6 Section 1307(a)(2)(E)(ii) of the National Flood In-
7 surance Act of 1968 (42 U.S.C. 4014(a)(2)(E)(ii)) is
8 amended by striking “30 percent” and inserting “50 per-
9 cent”.

10 **SEC. 16. AFFORDABILITY STUDY AND REPORT.**

11 (a) **STUDY ISSUES.**—Subsection (a) of section
12 100236 of the Biggert-Waters Flood Insurance Reform
13 Act of 2012 (Public Law 112–141; 126 Stat. 957) is
14 amended—

15 (1) in paragraph (3), by striking “and” at the
16 end;

17 (2) in paragraph (4), by striking the period at
18 the end and inserting a semicolon; and

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

21 “(5) options for maintaining affordability if an-
22 nual premiums for flood insurance coverage were to
23 increase to an amount greater than 2 percent of the
24 liability coverage amount under the policy, including

1 options for enhanced mitigation assistance and
2 means-tested assistance;

3 “(6) the effects that the establishment of catas-
4 trophe savings accounts would have regarding long-
5 term affordability of flood insurance coverage; and

6 “(7) options for modifying the surcharge under
7 1308A, including based on homeowner income, prop-
8 erty value or risk of loss.”.

9 (b) TIMING OF SUBMISSION.—Notwithstanding the
10 deadline under section 100236(e) of the Biggert-Waters
11 Flood Insurance Reform Act of 2012 (Public Law 112–
12 141; 126 Stat. 957), not later than 18 months after the
13 date of enactment of this Act, the Administrator shall sub-
14 mit to the full Committee on Banking, Housing, and
15 Urban Affairs and the full Committee on Appropriations
16 of the Senate and the full Committee on Financial Serv-
17 ices and the full Committee on Appropriations of the
18 House of Representatives the affordability study and re-
19 port required under such section 100236.

20 (c) AFFORDABILITY STUDY FUNDING.—Section
21 100236(d) of the Biggert-Waters Flood Insurance Reform
22 Act of 2012 (Public Law 112–141; 126 Stat. 957) is
23 amended by striking “\$750,000” and inserting
24 “\$2,500,000”.

1 **SEC. 17. FLOOD INSURANCE RATE MAP CERTIFICATION.**

2 The Administrator shall implement a flood mapping
3 program for the National Flood Insurance Program, only
4 after review by the Technical Mapping Advisory Council,
5 that, when applied, results in technically credible flood
6 hazard data in all areas where Flood Insurance Rate Maps
7 are prepared or updated, shall certify in writing to the
8 Congress when such a program has been implemented,
9 and shall provide to the Congress the Technical Mapping
10 Advisory Council review report.

11 **SEC. 18. FUNDS TO REIMBURSE HOMEOWNERS FOR SUC-**
12 **CESSFUL MAP APPEALS.**

13 (a) IN GENERAL.—Section 1363(f) of the National
14 Flood Insurance Act of 1968 (42 U.S.C. 4104(f)) is
15 amended—

16 (1) in the first sentence, by inserting after “as
17 the case may be,” the following: “or, in the case of
18 an appeal that is resolved by submission of con-
19 flicting data to the Scientific Resolution Panel pro-
20 vided for in section 1363A, the community,”; and

21 (2) by striking the second sentence and insert-
22 ing the following: “The Administrator may use such
23 amounts from the National Flood Insurance Fund
24 established under section 1310 as may be necessary
25 to carry out this subsection.”.

1 (b) CONFORMING AMENDMENTS.—Section 1310(a)
2 of the National Flood Insurance Act of 1968 (42 U.S.C.
3 4017(a)) is amended—

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

6 (2) in paragraph (7), by striking the period at
7 the end and inserting “; and”; and

8 (3) by adding at the end the following:

9 “(8) for carrying out section 1363(f).”.

10 **SEC. 19. FLOOD PROTECTION SYSTEMS.**

11 (a) ADEQUATE PROGRESS ON CONSTRUCTION OF
12 FLOOD PROTECTION SYSTEMS.—Section 1307(e) of the
13 National Flood Insurance Act of 1968 (42 U.S.C.
14 4014(e)) is amended—

15 (1) in the first sentence, by inserting “or recon-
16 struction” after “construction”;

17 (2) by amending the second sentence to read as
18 follows: “The Administrator shall find that adequate
19 progress on the construction or reconstruction of a
20 flood protection system, based on the present value
21 of the completed flood protection system, has been
22 made only if: (1) 100 percent of the cost of the sys-
23 tem has been authorized; (2) at least 60 percent of
24 the cost of the system has been appropriated; (3) at
25 least 50 percent of the cost of the system has been

1 expended; and (4) the system is at least 50 percent
2 completed.”; and

3 (3) by adding at the end the following: “Not-
4 withstanding any other provision of law, in deter-
5 mining whether a community has made adequate
6 progress on the construction, reconstruction, or im-
7 provement of a flood protection system, the Adminis-
8 trator shall consider all sources of funding, including
9 Federal, State, and local funds.”.

10 (b) COMMUNITIES RESTORING DISACCREDITED
11 FLOOD PROTECTION SYSTEMS.—Section 1307(f) of the
12 National Flood Insurance Act of 1968 (42 U.S.C.
13 4014(f)) is amended by amending the first sentence to
14 read as follows: “Notwithstanding any other provision of
15 law, this subsection shall apply to riverine and coastal lev-
16 ees that are located in a community which has been deter-
17 mined by the Administrator of the Federal Emergency
18 Management Agency to be in the process of restoring flood
19 protection afforded by a flood protection system that had
20 been previously accredited on a Flood Insurance Rate Map
21 as providing 100-year frequency flood protection but no
22 longer does so, and shall apply without regard to the level
23 of Federal funding of or participation in the construction,
24 reconstruction, or improvement of the flood protection sys-
25 tem.”.

1 **SEC. 20. QUARTERLY REPORTS REGARDING RESERVE**
2 **FUND RATIO.**

3 Subsection (e) of section 1310A of the National
4 Flood Insurance Act of 1968 (42 U.S.C. 4017a) is amend-
5 ed, in the matter preceding paragraph (1), by inserting
6 “, on a calendar quarterly basis,” after “submit”.

7 **SEC. 21. TREATMENT OF FLOODPROOFED RESIDENTIAL**
8 **BASEMENTS.**

9 The Administrator shall continue to extend excep-
10 tions and variances for flood-proofed basements consistent
11 with section 60.6 of title 44, Code of Federal Regulations,
12 which are effective April 3, 2009; and section 60.3 of such
13 title, which are effective April 3, 2009.

14 **SEC. 22. EXEMPTION FROM FEES FOR CERTAIN MAP**
15 **CHANGE REQUESTS.**

16 Notwithstanding any other provision of law, a re-
17 quester shall be exempt from submitting a review or proc-
18 essing fee for a request for a flood insurance rate map
19 change based on a habitat restoration project that is fund-
20 ed in whole or in part with Federal or State funds, includ-
21 ing dam removal, culvert redesign or installation, or the
22 installation of fish passage.

23 **SEC. 23. STUDY OF VOLUNTARY COMMUNITY-BASED FLOOD**
24 **INSURANCE OPTIONS.**

25 (a) STUDY.—

1 (1) STUDY REQUIRED.—The Administrator
2 shall conduct a study to assess options, methods,
3 and strategies for making available voluntary com-
4 munity-based flood insurance policies through the
5 National Flood Insurance Program.

6 (2) CONSIDERATIONS.—The study conducted
7 under paragraph (1) shall—

8 (A) take into consideration and analyze
9 how voluntary community-based flood insurance
10 policies—

11 (i) would affect communities having
12 varying economic bases, geographic loca-
13 tions, flood hazard characteristics or classi-
14 fications, and flood management ap-
15 proaches; and

16 (ii) could satisfy the applicable re-
17 quirements under section 102 of the Flood
18 Disaster Protection Act of 1973 (42
19 U.S.C. 4012a); and

20 (B) evaluate the advisability of making
21 available voluntary community-based flood in-
22 surance policies to communities, subdivisions of
23 communities, and areas of residual risk.

24 (3) CONSULTATION.—In conducting the study
25 required under paragraph (1), the Administrator

1 may consult with the Comptroller General of the
2 United States, as the Administrator determines is
3 appropriate.

4 (b) REPORT BY THE ADMINISTRATOR.—

5 (1) REPORT REQUIRED.—Not later than 18
6 months after the date of enactment of this Act, the
7 Administrator shall submit to the Committee on
8 Banking, Housing, and Urban Affairs of the Senate
9 and the Committee on Financial Services of the
10 House of Representatives a report that contains the
11 results and conclusions of the study conducted under
12 subsection (a).

13 (2) CONTENTS.—The report submitted under
14 paragraph (1) shall include recommendations for—

15 (A) the best manner to incorporate vol-
16 untary community-based flood insurance poli-
17 cies into the National Flood Insurance Pro-
18 gram; and

19 (B) a strategy to implement voluntary
20 community-based flood insurance policies that
21 would encourage communities to undertake
22 flood mitigation activities, including the con-
23 struction, reconstruction, or improvement of
24 levees, dams, or other flood control structures.

1 (c) REPORT BY COMPTROLLER GENERAL.—Not later
2 than 6 months after the date on which the Administrator
3 submits the report required under subsection (b), the
4 Comptroller General of the United States shall—

5 (1) review the report submitted by the Adminis-
6 trator; and

7 (2) submit to the Committee on Banking,
8 Housing, and Urban Affairs of the Senate and the
9 Committee on Financial Services of the House of
10 Representatives a report that contains—

11 (A) an analysis of the report submitted by
12 the Administrator;

13 (B) any comments or recommendations of
14 the Comptroller General relating to the report
15 submitted by the Administrator; and

16 (C) any other recommendations of the
17 Comptroller General relating to community-
18 based flood insurance policies.

19 **SEC. 24. DESIGNATION OF FLOOD INSURANCE ADVOCATE.**

20 (a) IN GENERAL.—The Administrator shall designate
21 a Flood Insurance Advocate to advocate for the fair treat-
22 ment of policy holders under the National Flood Insurance
23 Program and property owners in the mapping of flood
24 hazards, the identification of risks from flood, and the im-
25 plementation of measures to minimize the risk of flood.

1 (b) DUTIES AND RESPONSIBILITIES.—The duties
2 and responsibilities of the Flood Insurance Advocate des-
3 ignated under subsection (a) shall be to—

4 (1) educate property owners and policyholders
5 under the National Flood Insurance Program on—

6 (A) individual flood risks;

7 (B) flood mitigation;

8 (C) measures to reduce flood insurance
9 rates through effective mitigation;

10 (D) the flood insurance rate map review
11 and amendment process; and

12 (E) any changes in the flood insurance
13 program as a result of any newly enacted laws
14 (including this Act);

15 (2) assist policy holders under the National
16 Flood Insurance Program and property owners to
17 understand the procedural requirements related to
18 appealing preliminary flood insurance rate maps and
19 implementing measures to mitigate evolving flood
20 risks;

21 (3) assist in the development of regional capac-
22 ity to respond to individual constituent concerns
23 about flood insurance rate map amendments and re-
24 visions;

1 (4) coordinate outreach and education with
2 local officials and community leaders in areas im-
3 pacted by proposed flood insurance rate map amend-
4 ments and revisions; and

5 (5) aid potential policy holders under the Na-
6 tional Flood Insurance Program in obtaining and
7 verifying accurate and reliable flood insurance rate
8 information when purchasing or renewing a flood in-
9 surance policy.

10 **SEC. 25. EXCEPTIONS TO ESCROW REQUIREMENT FOR**
11 **FLOOD INSURANCE PAYMENTS.**

12 (a) IN GENERAL.—Section 102(d)(1) of the Flood
13 Disaster Protection Act of 1973 (42 U.S.C. 4012a(d)(1))
14 is amended—

15 (1) in subparagraph (A), in the second sen-
16 tence, by striking “subparagraph (C)” and inserting
17 “subparagraph (B)”; and

18 (2) in subparagraph (B)—

19 (A) in clause (ii), by redesignating sub-
20 clauses (I) and (II) as items (aa) and (bb), re-
21 spectively, and adjusting the margins accord-
22 ingly;

23 (B) by redesignating clauses (i) and (ii) as
24 subclauses (I) and (II), respectively, and adjust-
25 ing the margins accordingly;

1 (C) in the matter preceding subclause (I),
2 as redesignated by subparagraph (B), by strik-
3 ing “(A) or (B), if—” and inserting the fol-
4 lowing: “(A)—

5 “(i) if—”;

6 (D) by striking the period at the end and
7 inserting “; or”; and

8 (E) by adding at the end the following

9 “(ii) in the case of a loan that—

10 “(I) is in a junior or subordinate
11 position to a senior lien secured by
12 the same residential improved real es-
13 tate or mobile home for which flood
14 insurance is being provided at the
15 time of the origination of the loan;

16 “(II) is secured by residential im-
17 proved real estate or a mobile home
18 that is part of a condominium, cooper-
19 ative, or other project development, if
20 the residential improved real estate or
21 mobile home is covered by a flood in-
22 surance policy that—

23 “(aa) meets the require-
24 ments that the regulated lending

1 institution is required to enforce
2 under subsection (b)(1);

3 “(bb) is provided by the con-
4 dominium association, coopera-
5 tive, homeowners association, or
6 other applicable group; and

7 “(cc) the premium for which
8 is paid by the condominium asso-
9 ciation, cooperative, homeowners
10 association, or other applicable
11 group as a common expense;

12 “(III) is secured by residential
13 improved real estate or a mobile home
14 that is used as collateral for a busi-
15 ness purpose;

16 “(IV) is a home equity line of
17 credit;

18 “(V) is a nonperforming loan; or

19 “(VI) has a term of not longer
20 than 12 months.”.

21 (b) APPLICABILITY.—

22 (1) IN GENERAL.—

23 (A) REQUIRED APPLICATION.—The
24 amendments to section 102(d)(1) of the Flood
25 Disaster Protection Act of 1973 (42 U.S.C.

1 4012a(d)(1)) made by section 100209(a) of the
2 Biggert-Waters Flood Insurance Reform Act of
3 2012 (Public Law 112–141; 126 Stat. 920) and
4 by subsection (a) of this section shall apply to
5 any loan that is originated, refinanced, in-
6 creased, extended, or renewed on or after Janu-
7 ary 1, 2016.

8 (B) OPTIONAL APPLICATION.—

9 (i) DEFINITIONS.—In this subpara-
10 graph—

11 (I) the terms “Federal entity for
12 lending regulation”, “improved real
13 estate”, “regulated lending institu-
14 tion”, and “servicer” have the mean-
15 ings given the terms in section 3 of
16 the Flood Disaster Protection Act of
17 1973 (42 U.S.C. 4003);

18 (II) the term “outstanding loan”
19 means a loan that—

20 (aa) is outstanding as of
21 January 1, 2016;

22 (bb) is not subject to the re-
23 quirement to escrow premiums
24 and fees for flood insurance
25 under section 102(d)(1) of the

1 Flood Disaster Protection Act of
2 1973 (42 U.S.C. 4012a(d)(1)) as
3 in effect on July 5, 2012; and

4 (cc) would, if the loan had
5 been originated, refinanced, in-
6 creased, extended, or renewed on
7 or after January 1, 2016, be sub-
8 ject to the requirements under
9 section 102(d)(1)(A) of the Flood
10 Disaster Protection Act of 1973,
11 as amended; and

12 (III) the term “section
13 102(d)(1)(A) of the Flood Disaster
14 Protection Act of 1973, as amended”
15 means section 102(d)(1)(A) of the
16 Flood Disaster Protection Act of 1973
17 (42 U.S.C. 4012a(d)(1)(A)), as
18 amended by—

19 (aa) section 100209(a) of
20 the Biggert-Waters Flood Insur-
21 ance Reform Act of 2012 (Public
22 Law 112–141; 126 Stat. 920);
23 and

24 (bb) subsection (a) of this
25 section.

1 (ii) OPTION TO ESCROW FLOOD IN-
2 SURANCE PAYMENTS.—Each Federal enti-
3 ty for lending regulation (after consulta-
4 tion and coordination with the Federal Fi-
5 nancial Institutions Examination Council)
6 shall, by regulation, direct that each regu-
7 lated lending institution or servicer of an
8 outstanding loan shall offer and make
9 available to a borrower the option to have
10 the borrower’s payment of premiums and
11 fees for flood insurance under the National
12 Flood Insurance Act of 1968 (42 U.S.C.
13 4001 et seq.), including the escrow of such
14 payments, be treated in the same manner
15 provided under section 102(d)(1)(A) of the
16 Flood Disaster Protection Act of 1973, as
17 amended.

18 (2) REPEAL OF 2-YEAR DELAY ON APPLICA-
19 BILITY.—Subsection (b) of section 100209 of the
20 Biggert-Waters Flood Insurance Reform Act of
21 2012 (Public Law 112–141; 126 Stat. 920) is re-
22 pealed.

23 (3) RULE OF CONSTRUCTION.—Nothing in this
24 section or the amendments made by this section
25 shall be construed to supersede, during the period

1 beginning on July 6, 2012 and ending on December
2 31, 2015, the requirements under section 102(d)(1)
3 of the Flood Disaster Protection Act of 1973 (42
4 U.S.C. 4012a(d)(1)), as in effect on July 5, 2012.

5 **SEC. 26. FLOOD MITIGATION METHODS FOR BUILDINGS.**

6 (a) GUIDELINES.—

7 (1) IN GENERAL.—Section 1361 of the Na-
8 tional Flood Insurance Act of 1968 (42 U.S.C.
9 4102) is amended by adding at the end the following
10 new subsection:

11 “(d) FLOOD MITIGATION METHODS FOR BUILD-
12 INGS.—The Administrator shall establish guidelines for
13 property owners that—

14 “(1) provide alternative methods of mitigation,
15 other than building elevation, to reduce flood risk to
16 residential buildings that cannot be elevated due to
17 their structural characteristics, including—

18 “(A) types of building materials; and

19 “(B) types of floodproofing; and

20 “(2) inform property owners about how the im-
21 plementation of mitigation methods described in
22 paragraph (1) may affect risk premium rates for
23 flood insurance coverage under the National Flood
24 Insurance Program.”.

1 (A) in clause (iv), by striking “and” at the
2 end;

3 (B) by redesignating clause (v) as clause
4 (vi);

5 (C) by inserting after clause (iv) the fol-
6 lowing new clause:

7 “(v) areas that are protected by non-
8 structural flood mitigation features; and”;
9 and

10 (D) in clause (vi) (as so redesignated), by
11 inserting before the semicolon at the end the
12 following: “and by non-structural flood mitiga-
13 tion features”; and
14 (2) in subsection (d)(1)—

15 (A) by redesignating subparagraphs (A)
16 through (C) as subparagraphs (B) through (D),
17 respectively;

18 (B) in subparagraph (C) (as so redesign-
19 ated), by striking “subparagraph (A)” and in-
20 serting “subparagraph (B)”; and

21 (C) by inserting before subparagraph (B)
22 (as so redesignated) the following new subpara-
23 graph:

1 “(A) work with States, local communities,
2 and property owners to identify areas and fea-
3 tures described in subsection (b)(1)(A)(v);”.

4 **SEC. 28. CLEAR COMMUNICATIONS.**

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

9 “(l) CLEAR COMMUNICATIONS.—The Administrator
10 shall clearly communicate full flood risk determinations to
11 individual property owners regardless of whether their pre-
12 mium rates are full actuarial rates.”.

13 **SEC. 29. PROTECTION OF SMALL BUSINESSES, NON-PROF-**
14 **ITS, HOUSES OF WORSHIP, AND RESIDENCES.**

15 Section 1308 of the National Flood Insurance Act of
16 1968 (42 U.S.C. 4015), as amended by the preceding pro-
17 visions of this Act, is further amended by adding at the
18 end the following new subsection:

19 “(m) PROTECTION OF SMALL BUSINESSES, NON-
20 PROFITS, HOUSES OF WORSHIP, AND RESIDENCES.—

21 “(1) REPORT.—Not later than 18 months after
22 the date of the enactment of this section and semi-
23 annually thereafter, the Administrator shall monitor
24 and report to Committee on Financial Services of
25 the House Representatives and the Committee on

1 Banking, Housing, and Urban Affairs of the Senate,
2 the Administrator’s assessment of the impact, if any,
3 of the rate increases required under subparagraphs
4 (A) and (D) of section 1307(a)(2) and the sur-
5 charges required under section 1308A on the afford-
6 ability of flood insurance for—

7 “(A) small businesses with less than 100
8 employees;

9 “(B) non-profit entities;

10 “(C) houses of worship; and

11 “(D) residences with a value equal to or
12 less than 25 percent of the median home value
13 of properties in the State in which the property
14 is located.

15 “(2) RECOMMENDATIONS.—If the Adminis-
16 trator determines that the rate increases or sur-
17 charges described in paragraph (1) are having a det-
18 rimental effect on affordability, including resulting
19 in lapsed policies, late payments, or other criteria re-
20 lated to affordability as identified by the Adminis-
21 trator, for any of the properties identified in sub-
22 paragraphs (A) through (D) of such paragraph, the
23 Administrator shall, not later than 3 months after
24 making such a determination, make such rec-
25 ommendations as the Administrator considers appro-

1 piate to improve affordability to the Committee on
2 Financial Services of the House Representatives and
3 the Committee on Banking, Housing, and Urban Af-
4 fairs of the Senate.”.

5 **SEC. 30. MAPPING.**

6 Section 100216(d)(1) of the Biggert-Waters Flood
7 Insurance Reform Act of 2012 (42 U.S.C. 4101b(d)(1))
8 is amended—

9 (1) in subparagraph (B)—

10 (A) by striking “subparagraph (A)” and
11 inserting “subparagraph (D)”; and

12 (B) by striking “and” at the end;

13 (2) by redesignating subparagraphs (A), (B),
14 and (C) as subparagraphs (D), (E), and (G), respec-
15 tively;

16 (3) by inserting before subparagraph (B), as so
17 redesignated, the following new subparagraphs:

18 “(A) before commencement of any map-
19 ping or map updating process, notify each com-
20 munity affected of the model or models that the
21 Administrator plans to use in such process and
22 provide an explanation of why such model or
23 models are appropriate;

24 “(B) provide each community affected a
25 30-day period beginning upon notification under

1 subparagraph (A) to consult with the Adminis-
2 trator regarding the appropriateness, with re-
3 spect to such community, of the mapping model
4 or models to be used; provided that consultation
5 by a community pursuant to this subparagraph
6 shall not waive or otherwise affect any right of
7 the community to appeal any flood hazard de-
8 terminations;

9 “(C) upon completion of the first Inde-
10 pendent Data Submission, transmit a copy of
11 such Submission to the affected community,
12 provide the affected community a 30-day period
13 during which the community may provide data
14 to Administrator that can be used to supple-
15 ment or modify the existing data, and incor-
16 porate any data that is consistent with pre-
17 vailing engineering principles;” and

18 (4) by inserting after subparagraph (E), as so
19 redesignated, the following new subparagraph:

20 “(F) not less than 30 days before issuance
21 of any preliminary map, notify the Senators for
22 each State affected and each Member of the
23 House of Representatives for each congressional
24 district affected by the preliminary map in writ-
25 ing of—

1 “(i) the estimated schedule for—
2 “(I) community meetings regard-
3 ing the preliminary map;
4 “(II) publication of notices re-
5 garding the preliminary map in local
6 newspapers; and
7 “(III) the commencement of the
8 appeals process regarding the map;
9 and
10 “(ii) the estimated number of homes
11 and businesses that will be affected by
12 changes contained in the preliminary map,
13 including how many structures will be that
14 were not previously located in an area hav-
15 ing special flood hazards will be located
16 within such an area under the preliminary
17 map; and”.

18 **SEC. 31. DISCLOSURE.**

19 (a) CHANGES IN RATES RESULTING FROM THIS
20 ACT.—Not later than the date that is 6 months before
21 the date on which any change in risk premium rates for
22 flood insurance coverage under the National Flood Insur-
23 ance Program resulting from this Act or any amendment
24 made by this Act is implemented, the Administrator shall

1 make publicly available the rate tables and underwriting
2 guidelines that provide the basis for the change.

3 (b) REPORT ON POLICY AND CLAIMS DATA.—

4 (1) IN GENERAL.—Not later than 90 days after
5 the date of enactment of this Act, the Administrator
6 shall submit to the Congress a report on the feasi-
7 bility of—

8 (A) releasing property-level policy and
9 claims data for flood insurance coverage under
10 the National Flood Insurance Program; and

11 (B) establishing guidelines for releasing
12 property-level policy and claims data for flood
13 insurance coverage under the National Flood
14 Insurance Program in accordance with section
15 552a of title 5, United States Code (commonly
16 known as the Privacy Act of 1974).

17 (2) CONTENTS.—The report submitted under
18 paragraph (1) shall include—

19 (A) an analysis and assessment of how re-
20 leasing property-level policy and claims data for
21 flood insurance coverage under the National
22 Flood Insurance Program will aid policy holders
23 and insurers to understand how the Adminis-
24 tration determines actuarial premium rates and
25 assesses flood risks; and

1 (B) recommendations for protecting per-
2 sonal information in accordance with section
3 552a of title 5, United States Code (commonly
4 known as the Privacy Act of 1974).

Passed the House of Representatives March 4,
2014.

Attest:

Clerk.

113TH CONGRESS
2^D SESSION

H. R. 3370

AN ACT

To delay the implementation of certain provisions
of the Biggert-Waters Flood Insurance Reform
Act of 2012, and for other purposes.