

114TH CONGRESS
1ST SESSION

S. 1679

To amend the Flood Disaster Protection Act of 1973 to require that certain buildings and personal property be covered by flood insurance, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 25, 2015

Mr. HELLER (for himself and Mr. TESTER) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Flood Disaster Protection Act of 1973 to require that certain buildings and personal property be covered by flood insurance, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Flood Insurance Mar-
5 ket Parity and Modernization Act”.

6 **SEC. 2. PRIVATE FLOOD INSURANCE.**

7 (a) MANDATORY PURCHASE REQUIREMENT.—

8 (1) IN GENERAL.—Section 102 of the Flood
9 Disaster Protection Act of 1973 (42 U.S.C. 4012a)

1 is amended by striking “Sec. 102. (a)” and all that
2 follows through subsection (b) and inserting the fol-
3 lowing:

4 “SEC. 102. (a) After the expiration of sixty days fol-
5 lowing the date of enactment of this Act, no Federal offi-
6 cer or agency shall approve any financial assistance for
7 acquisition or construction purposes for use in any area
8 that has been identified by the Administrator as an area
9 having special flood hazards and in which the sale of flood
10 insurance has been made available under the National
11 Flood Insurance Act of 1968, unless the building or mo-
12 bile home and any personal property to which such finan-
13 cial assistance relates is covered by flood insurance: *Pro-*
14 *vided*, That the amount of flood insurance (1) in the case
15 of Federal flood insurance, is at least equal to the develop-
16 ment or project cost of the building, mobile home, or per-
17 sonal property (less estimated land cost), the outstanding
18 principal balance of the loan, or the maximum limit of
19 Federal flood insurance coverage made available with re-
20 spect to the particular type of property, whichever is less;
21 or (2) in the case of private flood insurance, is at least
22 equal to the development or project cost of the building,
23 mobile home, or personal property (less estimated land
24 cost), the outstanding principal balance of the loan, or the
25 maximum limit of Federal flood insurance coverage made

1 available with respect to the particular property, whichever
 2 is less: *Provided further*, That if the financial assistance
 3 provided is in the form of a loan or an insurance or guar-
 4 anty of a loan, the amount of flood insurance required
 5 need not exceed the outstanding principal balance of the
 6 loan and need not be required beyond the term of the loan.
 7 The requirement of maintaining flood insurance shall
 8 apply during the life of the property, regardless of transfer
 9 of ownership of such property.

10 “(b) REQUIREMENT FOR MORTGAGE LOANS.—

11 “(1) REGULATED LENDING INSTITUTIONS.—

12 Each Federal entity for lending regulation (after
 13 consultation and coordination with the Financial In-
 14 stitutions Examination Council established under the
 15 Federal Financial Institutions Examination Council
 16 Act of 1974) shall by regulation direct regulated
 17 lending institutions not to make, increase, extend, or
 18 renew any loan secured by improved real estate or
 19 a mobile home located or to be located in an area
 20 that has been identified by the Administrator as an
 21 area having special flood hazards and in which flood
 22 insurance has been made available under the Na-
 23 tional Flood Insurance Act of 1968, unless the
 24 building or mobile home and any personal property
 25 securing such loan is covered for the term of the

1 loan by flood insurance: *Provided*, That the amount
 2 of flood insurance (A) in the case of Federal flood
 3 insurance, is at least equal to the outstanding prin-
 4 cipal balance of the loan or the maximum limit of
 5 Federal flood insurance coverage made available
 6 with respect to the particular type of property,
 7 whichever is less; or (B) in the case of private flood
 8 insurance, is at least equal to the outstanding prin-
 9 cipal balance of the loan or the maximum limit of
 10 Federal flood insurance coverage made available
 11 with respect to the particular type of property,
 12 whichever is less.

13 “(2) FEDERAL AGENCY LENDERS.—

14 “(A) IN GENERAL.—A Federal agency
 15 lender may not make, increase, extend, or
 16 renew any loan secured by improved real estate
 17 or a mobile home located or to be located in an
 18 area that has been identified by the Adminis-
 19 trator as an area having special flood hazards
 20 and in which flood insurance has been made
 21 available under the National Flood Insurance
 22 Act of 1968, unless the building or mobile home
 23 and any personal property securing such loan is
 24 covered for the term of the loan by flood insur-
 25 ance in accordance with paragraph (1). Each

1 Federal agency lender may issue any regula-
2 tions necessary to carry out this paragraph.
3 Such regulations shall be consistent with and
4 substantially identical to the regulations issued
5 under paragraph (1).

6 “(B) REQUIREMENT TO ACCEPT FLOOD IN-
7 SURANCE.—Each Federal agency lender shall
8 accept flood insurance as satisfaction of the
9 flood insurance coverage requirement under
10 subparagraph (A) if the flood insurance cov-
11 erage meets the requirements for coverage
12 under that subparagraph.

13 “(3) GOVERNMENT-SPONSORED ENTERPRISES
14 FOR HOUSING.—The Federal National Mortgage As-
15 sociation and the Federal Home Loan Mortgage
16 Corporation shall implement procedures reasonably
17 designed to ensure that, for any loan that is—

18 “(A) secured by improved real estate or a
19 mobile home located in an area that has been
20 identified, at the time of the origination of the
21 loan or at any time during the term of the loan,
22 by the Administrator as an area having special
23 flood hazards and in which flood insurance is
24 available under the National Flood Insurance
25 Act of 1968, and

1 “(B) purchased by such entity,
 2 the building or mobile home and any personal prop-
 3 erty securing the loan is covered for the term of the
 4 loan by flood insurance in the amount provided in
 5 paragraph (1). The Federal National Mortgage As-
 6 sociation and the Federal Home Loan Mortgage
 7 Corporation shall accept flood insurance as satisfac-
 8 tion of the flood insurance coverage requirement
 9 under paragraph (1) if the flood insurance coverage
 10 provided meets the requirements for coverage under
 11 that paragraph.

12 “(4) APPLICABILITY.—

13 “(A) EXISTING COVERAGE.—Except as
 14 provided in subparagraph (B), paragraph (1)
 15 shall apply on the date of enactment of the Rie-
 16 gle Community Development and Regulatory
 17 Improvement Act of 1994.

18 “(B) NEW COVERAGE.—Paragraphs (2)
 19 and (3) shall apply only with respect to any
 20 loan made, increased, extended, or renewed
 21 after the expiration of the 1-year period begin-
 22 ning on the date of enactment of the Riegle
 23 Community Development and Regulatory Im-
 24 provement Act of 1994. Paragraph (1) shall
 25 apply with respect to any loan made, increased,

extended, or renewed by any lender supervised by the Farm Credit Administration only after the expiration of the period under this subparagraph.

“(C) CONTINUED EFFECT OF REGULATIONS.—Notwithstanding any other provision of this subsection, the regulations to carry out paragraph (1), as in effect immediately before the date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994, shall continue to apply until the regulations issued to carry out paragraph (1) as amended by section 522(a) of such Act take effect.

“(5) RULE OF CONSTRUCTION.—Except as otherwise specified, any reference to flood insurance in this section shall be considered to include Federal flood insurance and private flood insurance.

“(6) DEFINITIONS.—

“(A) FLOOD INSURANCE.—In this section, the term ‘flood insurance’ means—

“(i) Federal flood insurance; and

“(ii) private flood insurance.

“(B) OTHER DEFINITIONS.—In this section—

1 “(i) the term ‘Federal flood insurance’
 2 means an insurance policy made available
 3 under the National Flood Insurance Act of
 4 1968 (42 U.S.C. 4001 et seq.);

5 “(ii) the term ‘private flood insurance’
 6 means an insurance policy that—

7 “(I) is issued by an insurance
 8 company that is—

9 “(aa) licensed, admitted, or
 10 otherwise approved to engage in
 11 the business of insurance in the
 12 State in which the insured build-
 13 ing is located, by the insurance
 14 regulator of that State; or

15 “(bb) eligible as a non-
 16 admitted insurer to provide in-
 17 surance in the home State of the
 18 insured, in accordance with sec-
 19 tions 521 through 527 of the
 20 Dodd-Frank Wall Street Reform
 21 and Consumer Protection Act
 22 (15 U.S.C. 8201 through 8206);

23 “(II) is issued by an insurance
 24 company that is not otherwise dis-
 25 approved as a surplus lines insurer by

1 the insurance regulator of the State in
 2 which the property to be insured is lo-
 3 cated; and

4 “(III) provides flood insurance
 5 coverage that complies with the laws
 6 and regulations of that State; and

7 “(iii) the term ‘State’ means any
 8 State of the United States, the District of
 9 Columbia, the Commonwealth of Puerto
 10 Rico, Guam, the Northern Mariana Is-
 11 lands, the Virgin Islands, and American
 12 Samoa.”.

13 (2) TECHNICAL AND CONFORMING AMEND-
 14 MENT.—Section 1364(a)(3)(C) of the National
 15 Flood Insurance Act of 1968 (42 U.S.C.
 16 4104a(a)(3)(C)) is amended by striking “, as re-
 17 quired under section 102(b)(6) of the Flood Disaster
 18 Protection Act of 1973 (42 U.S.C. 4012a(b)(6))”.

19 (b) EFFECT OF PRIVATE FLOOD INSURANCE COV-
 20 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—
 21 Section 1308 of the National Flood Insurance Act of 1968
 22 (42 U.S.C. 4015) is amended by adding at the end the
 23 following:

24 “(n) EFFECT OF PRIVATE FLOOD INSURANCE COV-
 25 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—

1 For purposes of applying any statutory, regulatory, or ad-
2 ministrative continuous coverage requirement, including
3 under section 1307(g)(1), the Administrator shall consider
4 any period during which a property was continuously cov-
5 ered by private flood insurance (as defined in section
6 102(b)(6) of the Flood Disaster Protection Act of 1973
7 (42 U.S.C. 4012a(b)(6))) to be a period of continuous cov-
8 erage.”.

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