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Jamie Gregory, Deputy Chief Lobbyist

500 New Jersey Ave., NW
Washington, DC 20001-2020
Ph. 202-383-1194 Fax 202-383-7580
www.REALTOR.org

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Dear Representative,

On behalf of over 1 million members, the National Association of REALTORS® strongly urges you to vote for **H.R. 3370, the Homeowner Flood Insurance Affordability Act with an amendment**. The bill as amended would resolve most of the unintended consequences and uncertainties created by implementation of the Biggert-Waters law and still raise revenue. It would correct the unintended consequences by repealing key provisions that are driving the most excessive and inaccurate rate increases imposed on recent home purchases. It would also require that the Federal Emergency Management Agency (FEMA) refund excessive premiums to those who already bought a home but were not warned by FEMA of the increase before purchasing the property.

On October 1, 2013, FEMA imposed full-risk actuarial rates on all properties purchased after July 2012. Because FEMA delayed releasing the new rates and then retroactively applied them, home buyers bought their properties before they could be warned of a rate increase. Moreover, based on NAR's investigation, many increases we have examined appear to be inaccurate and possibly due to insurance company mistakes and inadequate agent training. Yet, to our knowledge, FEMA has not followed up with an investigation into the numerous and compelling reports or even provided a single point of contact for consumers to raise questions about multiple or excessive rate quotes.

In recent testimony, NAR provided several examples where quoted rates exceeded the true actuarial rate by **\$10,000-\$30,000/year**. Unlike existing owners who see gradual 20-25% increases, point-of-sale increases are not capped, apply immediately to the new owner and can be as high as \$87,500 per year according to one example we provided. With rates of this magnitude, very few if any would be able to qualify for a mortgage in 20,000 communities where flood insurance is a prerequisite. And those who qualified and bought over the past year could be facing foreclosure when their flood insurance is first renewed, unless Congress acts today.

The amended version of H.R. 3370 would correct the situation and bring much needed clarity by simply repealing the uncapped, point-of-sale increases. It would reign in a federal agency that has failed to comply with major parts of a law including the requirement to submit an affordability study, already 8 months overdue from its statutory deadline. FEMA should not be able to pick and choose which parts of a law to implement especially when the delayed provisions like allowing for installment payments, could help mitigate the impact of some increases. The affordability study could hold the key to showing how pervasive the insurance rating errors are and how best for Congress to address them over the longer term. In the interim, the bill would restore and refund the previous rate for those already seeing an increase and also eliminate future increases for properties purchased or built to code and "grandfathered" under previous flood



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insurance rate maps when the maps are updated. The bill would also establish a FEMA advocate and provide additional resources to investigate property owner concerns over rate quote discrepancies. To pay for these changes, the amended bill includes a modest per-policy assessment that will keep the program on solid financial footing over the longer term.

Please vote “yes” when the enhanced H.R. 3370 Homeowner Flood Insurance Affordability Act reaches the floor. Home and small business owners cannot afford to wait while FEMA continues to implement excessive rate increases that are stalling home sales and inhibiting the housing recovery in communities nationwide.

Sincerely,

A handwritten signature in blue ink that reads "Steve Brown". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Steve Brown

2014 President, National Association of REALTORS®