



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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Dear Representative:

On behalf of over one million members of the National Association of REALTORS® (NAR), we are writing to ask you to support H.R. 4320, the "National Flood Insurance Program Commitment to Policyholders and Reform Act".

H.R. 4320 will increase the borrowing authority of the National Flood Insurance Program (NFIP) so that it will meet its contractually obligated payments to policyholders. If this funding is not increased, the NFIP will be unable to meet its obligation to policyholders who paid premiums into the fund. If the NFIP is unable to pay its claims, the program will be suspended and thousands of homeowners who paid for flood insurance will be left with nothing. This will impact not only those affected by the Gulf Coast hurricanes, but NFIP participants across the country who may be subject to flooding.

In addition, H.R. 4320 makes a number of reforms to the NFIP. The bill reiterates FEMA's responsibilities under the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004." This important law targets federal flood mitigation efforts to repetitive-loss properties and increases the flood insurance premiums of such properties whose owners refuse government mitigation offers. The purpose of the law is to improve the financial soundness of the NFIP by shifting more of the burden of recovery costs to property owners who choose to remain vulnerable to repetitive flood damage. The law directed FEMA to develop a pilot program for mitigation of severe repetitive loss properties. Implementing this program will provide dramatic savings to the NFIP.

H.R. 4320 also increases the maximum coverage limits permitted under the NFIP. Currently the cap for flood insurance coverage is \$250,000. This bill would increase this amount to \$335,500. This will allow the program to more accurately match today's housing costs. Such a change will increase coverage and protection for homeowners while providing greater premium income for the NFIP.

The bill also requests that GAO study the implications of moving to a 500-year flood plain for mandatory coverage. The study will include the impact of such a change, the feasibility of the change given the current flood maps, and other implications of this kind of dramatic change to the program. This report would be due within 6-months of the passage of this Act.

The National Association of REALTORS® strongly supports H.R. 4320 as a reasonable approach to reviewing the National Flood Insurance Program. The NFIP is a valuable program for homeowners and the federal government alike. It is imperative that Congress increase borrowing authority so policyholders are not delayed in received the payments they are due. We urge you to vote for HR 4320.

Sincerely,

Thomas M. Stevens CRB CRS GRI
2006 President, National Association of REALTORS®