



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

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May 24, 2006

Committee on Banking, Housing, and Urban Affairs  
United States Senate  
Washington, DC 20510

Dear Senator:

I am writing on behalf of more than 1.3 million members of the National Association of REALTORS® (NAR) to express our views on the "Flood Insurance Reform and Modernization Act of 2006." The National Flood Insurance Program (NFIP) offers an important element of protection to homeowners in areas of the country vulnerable to flooding, and helps to lower federal expenditures for disaster assistance and flood control. NAR supports efforts to make flood insurance available to homeowners who may wish to purchase coverage and to ensure the long-term viability of the NFIP. It is critical that flood insurance remain accessible and equitable for all individuals who own property in a floodplain.

NAR strongly supports the authorization of \$400 million for the flood mapping program to ensure that flood maps are accurate and current for the 100-year flood plain. The NFIP relies on accurate and current flood maps to determine whether a particular property lies within a floodplain or a special flood hazard area, which triggers the mandatory purchase requirement under the NFIP.

NAR also supports provisions in the Flood Insurance Reform and Modernization Act of 2006 that would: (1) eliminate subsidies on severe repetitive loss properties and other properties that have sustained substantial damage, (2) pay off existing claims under the NFIP from the 2005 hurricane season, (3) create a reserve fund, (4) allow testing of new flood proofing technologies, and (5) establish the Technical Mapping Advisory Council. In addition, NAR supports the studies and audits required in the bill including the GAO audit of the NFIP, the Comptroller General study of the NFIP, the annual report to Congress on the status of the NFIP by the Director, the GAO evaluation of the NFIP, the study by the Secretary of the Treasury, and the GAO study on direct purchase in non-participating communities.

NAR is concerned with provisions in the Flood Insurance Reform and Modernization Act of 2006 that would eliminate subsidies on non-primary residences and business properties. Only 25% of policy holders pay a subsidized premium on homes that did not have the benefit of knowledge about the location of flood plains or the need for mitigation at the time of construction. Non-primary residences should be given the same consideration as primary residences and should not be charged full risk premiums unless they fall under the definition of repetitive loss properties. Charging full-risk premiums for non-primary residences would significantly increase the insurance costs of these properties.

Thank you for considering our views on this important legislation. NAR believes in the importance of the long-term viability of the National Flood Insurance Program to keep flood insurance available and affordable to property owners.

Sincerely,

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