



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

500 New Jersey Avenue, N.W.  
Washington, DC 20001-2020  
202.383.1194 Fax 202.383.7580  
[www.realtors.org/governmentaffairs](http://www.realtors.org/governmentaffairs)

Thomas M. Stevens, CRB, CRS, GRI  
President

Dale A. Stinton  
EVP/CEO

GOVERNMENT AFFAIRS  
Jerry Giovaniello, Senior Vice President  
Walter J. Witek, Jr., Vice President

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Dear Representative:

I am writing on behalf of more than 1.3 million members of the National Association of REALTORS® (NAR) to express our general support for H.R. 4973, "Flood Insurance Modernization and Reform Act of 2006," which the House is expected to consider Tuesday. 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. It is critical that flood insurance remain accessible and equitable for all individuals who own property in a floodplain. I would like to highlight some of the provisions in H.R. 4973 that are important to REALTORS®.

NAR strongly supports provisions in H.R. 4973 that emphasize the importance of accurate and current flood maps and increase the NFIP borrowing authority to pay existing claims. 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. Meeting contractually obligated payments to policyholders is paramount. Consumers who purchased flood insurance expect that their claims will be paid.

In addition, NAR supports provisions in H.R. 4973 that: (1) increase premiums on repetitive loss properties that have a significant negative impact on the NFIP, (2) increase coverage limits, (3) reduce the waiting period for policies to become effective, (4) create a national levee inventory, and (5) require FEMA to report to Congress on the financial status of the NFIP. These provisions will strengthen the NFIP over the long-term. In addition, NAR supports the study regarding the status of pre-FIRM properties and the impact of a mandatory purchase requirement for properties in the 100 year natural floodplain.

However, NAR remains concerned with provisions in the bill 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 are repetitive loss properties.

On behalf of NAR, I commend the House of Representatives for enacting reforms to the NFIP that will strengthen and ensure the long-term viability of this important program.

Sincerely,

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