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June 12, 2017

The Honorable Jeb Hensarling
Chairman
House Financial Services Committee
2228 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
House Financial Services Committee
2221 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters:

On Wednesday, June 14th, the Financial Services Committee is scheduled to mark up a series of bills to reauthorize and reform the National Flood Insurance Program (NFIP). The National Association of REALTORS® (NAR) appreciates the amount of time spent and progress that the Committee has made toward finding long-term solutions to address the sustainability and continuity of the program while balancing the affordability needs of consumers. Unfortunately, without substantial changes, NAR must oppose one of the seven bills at this time. NAR will be offering specific language and corroborating information to help address our affordability concerns. Without additional information or changes, NAR members are unable to evaluate the full impact and as a result must oppose the bill:

- **H.R. _____ : “21st Century Flood Reform Act” (Duffy, R-WI)**. NAR policy supports a 5-year reauthorization, \$1 billion in funding for flood mitigation assistance, and a requirement for the Federal Emergency Management Agency (FEMA) to develop separate NFIP rates for coastal and inland A-zones. However, NAR opposes the elimination of all future grandfathering for existing homeowners who have followed the law, built to code and invested tens of thousands of dollars to reduce their risk, as well as NFIP’s exposure. Second, NAR does not believe that the bill’s flood mapping reforms go far enough. FEMA must obtain the elevation data necessary to calculate and disclose full risk rates for all homes in the NFIP by transitioning to building-specific flood maps like North Carolina’s. In order to understand their risk, consumers must have access to accurate information. It should not be incumbent on homeowners to spend hundreds of dollars to provide information that a federal program funded by their tax dollars should be collecting in the first place. Finally, NAR is very concerned about the cumulative impact of the bill’s new surcharges and fee increases on the total cost of flood insurance; additional analysis is needed to evaluate the cumulative impact of the collective changes for a range of policyholders.

NAR supports the following bills with a few modifications. NAR has offered suggestions to the Committee in hopes that they can be incorporated at the markup:

- **H.R. 2868: “NFIP Policyholder Protection Act.”** NAR supports establishing an NFIP rate cap of \$10,000 per year for homeowners. However, as currently drafted, the \$10,000 limit would not apply unless each homeowner files a valid elevation certificate in the previous calendar year. Each certificate costs \$500-\$2,000, and

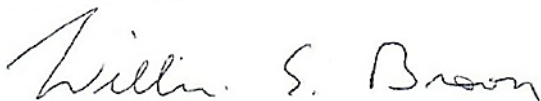


nearly one million homes built before the flood insurance rate map (pre-FIRM) do not have one. It is unclear how many of the remaining 3.5 million residences have “valid” certificates. Elevation data can and should be collected by FEMA. States like North Carolina and Minnesota have already demonstrated that by using modern technologies, this data can be collected on a mass scale at a lower cost to taxpayers and property owners. NAR is also concerned that while the legislation aims to cap NFIP rates, the \$10,000 cap does not include the new surcharges and fee increases added by the seven bills. NAR supports including any fees and surcharges in the overall premium cap to provide certainty to homeowners.

- **H.R. 1422: “Flood Insurance Market Parity and Modernization Act.”** NAR has endorsed this bill, which removes barriers to private flood insurance while keeping NFIP viable. NAR also supports language in the private market development discussion draft which would apply HR 1422’s requirements to the Federal Housing Administration (FHA) loan program and other federally-guaranteed mortgage programs, not just government sponsored entities’ (GSE) loans.
- **H.R. 2246: “Taxpayer Exposure Mitigation Act.”** NAR supports requiring FEMA to set standards for communities to develop their own flood maps, and to use risk transfer tools to protect taxpayers from future Treasury borrowing. NAR members also support clarifying the bill’s opt-out provision so it applies only to large commercial portfolios where many buildings could be covered by one private market flood insurance policy.
- **H.R. 1558: “Repeatedly Flooded Communities Preparation Act.”** NAR has endorsed this legislation to require that NFIP communities to develop plans and make progress toward mitigating repetitive loss properties. While these properties only comprise one percent of the properties in the NFIP, they are responsible for thirty percent of the claims, according to the General Accountability Office.
- **H.R. 2565: A bill to require the use of replacement cost for NFIP rates.** NAR supports requiring FEMA to use replacement cost values for individual structures rather than a national average, which results in the overcharging of lower value properties.
- **H.R. _____: “NFIP Administrative Reform Act.”** NAR supports the bill’s provision to double the amount of increased-cost-of-compliance (ICC) coverage and allow homeowners access to mitigate their property before it floods. The bill also strengthens consumer protections and codifies important improvements to the claims process in light of the concerns and litigation following Superstorm Sandy.

NAR’s 1.2 million members commend the Committee for making substantial progress toward the reauthorization and reform of the NFIP. Current authority for the program is set to expire on September 30, 2017. Without this authority, NFIP would be unable to issue or renew flood insurance for up 40,000 home sales each month across 22,000 communities nationwide. NAR hopes the Committee will continue to work toward legislation that strikes a balance between the long-term sustainability and affordability of the NFIP. Thank you for considering NAR member recommendations. We look forward to continuing to work with Congress to strengthen this critical program.

Sincerely,



William E. Brown
2017 President, National Association of REALTORS®

cc: Members of the House Financial Services Committee