



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

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July 9, 2008

The Honorable Christopher Dodd  
Committee on Banking, Housing & Urban Affairs  
448 Russell Senate Office Building  
Washington, DC 20510

Dear Chairman Dodd:

The National Association of REALTORS® (NAR) strongly supports the National Flood Insurance Program (NFIP), and urges Congress to reauthorize this vital program as soon as possible. With the NFIP due to expire on September 30, 2008, it is imperative that Congress reach agreement on this legislation prior to the August district work period to minimize any uncertainty that could further slow the real estate market.

The NFIP is a unique partnership among property owners, all levels of government, and the private sector. It enables property owners in participating communities to purchase insurance as a protection against flood losses in exchange for state and community floodplain management regulations that reduce future flood damages. More than 20,000 communities throughout the United States and its territories participate in the NFIP and have adopted floodplain management ordinances. According to FEMA, flood damage is reduced by nearly \$1 billion a year as the result of communities implementing sound floodplain management requirements and property owners purchasing flood insurance.

The bills passed by the House and Senate contain a number of needed provisions that will strengthen the NFIP and ensure that flood insurance is available to homeowners in floodplains. NAR supports provisions that reauthorize the NFIP for five years, forgive the outstanding debt of the program, extend the pilot program for severe repetitive loss properties, and re-establish the Technical Mapping Advisory Council, which would be enhanced by including a real estate professional among its membership.

REALTORS® also support including increased coverage limits, additional coverage options (e.g., wind, business interruption, replacement costs of contents), and studies of the economic impacts of eliminating subsidies on low- and moderate-income homeowners and renters as well as expanding the mandatory purchase requirement to areas of residual risk.

NAR is concerned, however, that some provisions under consideration (e.g., expanding the mandatory purchase requirement to "residual risk areas," phasing out existing subsidies for pre-FIRM properties, and increasing deductibles) could create serious affordability problems and hamper efforts to increase participation in the NFIP, harming those least able to pay the additional costs associated with these provisions.

On behalf of NAR, I urge you to reach agreement on an NFIP reauthorization measure as soon as possible. NAR stands ready to make available to you our resources to achieve enactment of this important reauthorization legislation.

Sincerely,

Richard F. Gaylord, CIPS, CRB, CRS, GRI  
2008 President, National Association of REALTORS®