



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

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July 31, 2008

The Honorable Barney Frank  
Committee on Financial Services  
2252 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Frank:

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 and make it your first priority upon return from the August 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 both the economic impacts of eliminating subsidies on low- and moderate-income homeowners and renters and of expanding the mandatory purchase requirement to areas of residual risk.


NAR is concerned, however, that some provisions under consideration could create serious affordability problems and hamper efforts to increase participation in the NFIP. These provisions include:

- Expanding the mandatory purchase requirement to “residual risk” areas;
- Phasing out existing subsidies for pre-FIRM properties; and,
- Increasing deductibles on flood insurance coverage

NAR believes these provisions, while well-intentioned, will have the practical effect of harming those property owners who are least able to pay the additional costs of flood insurance, including low-income and minority homeowners, and renters. To address these concerns, NAR would urge the conferees to authorize a study of these reform measures. This would allow Congress to better understand the costs and benefits of these changes to the NFIP before they are enacted.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Richard F. Gaylord". The signature is fluid and cursive, with a long horizontal stroke at the end.

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