



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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July 13, 2010

United States House of Representatives
Washington, DC 20515

Dear Representative:

On behalf of the 1.1 million members of the National Association of REALTORS® (NAR), thank you for the progress that Congress is making toward comprehensive reform of the National Flood Insurance Program (NFIP). Later this week, the House of Representatives is scheduled to consider H.R. 5114, the Flood Insurance Reform Priorities Act, to strengthen the NFIP and bring certainty to real estate markets that are much in need. NAR strongly supports the provision to reauthorize the NFIP through fiscal year 2015, which continues to be a top priority of our membership.

Reauthorizing the NFIP through 2015 is critical to millions of taxpaying American families who rely on the program for flood insurance, which by law, is required to obtain a mortgage in nearly 20,000 communities across the nation. Since September of 2008, Congress has approved eight short-term extensions of the NFIP's authority to issue new and renewal flood insurance policies. Twice, this authority has been allowed to expire, resulting in multi-week delays if not cancellation of thousands of real estate transactions. The many shut-downs and short-term reauthorizations of this program over the past two years have caused many hardships and lost sales for property buyers, sellers, and their communities. Enacting a multi-year NFIP reauthorization would restore flagging confidence in this vital program by ensuring its continuation for several years without further disruption to real estate markets upon which the U.S.'s economic recovery depends.

We continue to have concerns with provisions of H.R. 5114 that would phase-in actuarial rates for most pre-Flood Insurance Rate Map (pre-FIRM) properties. Section 5 would increase rates on these properties by up to 20 percent a year, beginning on the date of enactment for those non-residential properties and non-primary residences and at the point of sale for the primary residences. The bill already reauthorizes the mitigation program for "severe repetitive loss" properties; there is a sound public policy argument for increasing rates on such properties where there is demonstrated history of repeated losses, representing a disproportionate share of claims on the program. That is not the case for other pre-FIRM properties that would be impacted by the proposed changes included in H.R. 5114.

As a result, the bill in effect increases insurance rates on properties where the risk of flooding has not necessarily changed. Yet, these properties were built before the community's flood risks were known or mapped and therefore could not have been built to NFIP standards. Retrofitting reduces housing affordability, which has a multiplier effect on the tax base of surrounding communities that are older or rely on tourism. We will continue to work with the House and Senate to ensure the fair and effective application of reforms through the home transaction process.

We support moving H.R. 5114, the Flood Insurance Reform Priorities Act, to the Senate and pledge to continue to work with you on these and other important issues.

Sincerely,

Vicki Cox Golder, CRB
2010 President, National Association of REALTORS®