

Homeowner Flood Insurance Affordability Bill

Fact Sheet

REALTORS[®] set the record straight on the National Flood Insurance Program for America's property owners.

“Republicans cave to the REALTORS[®] on taxpayer flood insurance”

- Opponents see they're not winning on the merits, so they're attacking REALTORS[®] instead:
- 67 senators voted for a 4-year “timeout” on FEMA authority whose implementation is NOT in line with congressional intent and in doing so, is creating havoc in local real estate markets.
- Earlier, House Republicans voted to deny funding for FEMA to implement some rate increases (i.e., “Cassidy Amendment” to 2014 Omnibus Appropriations Bill)
- House leaders have agreed to a vote on a substitute to the Senate's 4-year delay that would take away that authority today and further reign in FEMA.

“Even [current law's] modest price increases...”

- \$87,000/year – one insurance quote shared by a REALTOR[®].
- \$10,000-\$30,000/year – rate quotes from 6 different agents for one property, all of which were inaccurate. The true rate was “\$500” and there should be “only one rate per property” according to FEMA.
- “Tentatively” \$10,000/year – was \$2,700 when this first-time home buyer purchased the property. A year later when FEMA issued the new rates, \$10,000 was the rate until Nov. 2014 when it jumps to \$47,000/year.

“... were too much for beach-side mansion owners...”

- Multi-millionaires don't buy flood insurance only from the National Flood Insurance Program.
- \$250,000 – NFIP's coverage limit – wouldn't cover their beach mansions.
- They're more likely to self-insure or buy an umbrella private policy that covers more than NFIP.

“... and the REALTORS[®] who want to sell those homes, and so they descended on Congress to demand repeal...”

- Opponents are attacking the House bill that strengthens protections for the taxpayers they're seeking to represent.
- Removes authority from a government bureaucracy that is picking and choosing which parts of the law it will implement and botching the rest of the implementation at home buyers' expense.
- Refunds excessive premiums to those home buyers who previously bought and were not told what the rates would be prior to purchase.
- Creates a flood insurance advocate to help homeowners go after faulty rates and flood maps.
- Builds up a reserve fund and allows FEMA to go to the private market for reinsurance rather than borrowing from taxpayers.
- REALTORS[®] are fighting to preserve access to the NFIP for the Middle Class.
- Multi-millionaires can already afford to buy flood insurance from the private market.
- The Middle Class shouldn't be denied access because they cannot afford private insurance.
- Middle Class home owners want the same opportunity to protect themselves; they don't want to rely on government relief agencies or charity – 100% at taxpayer expense – after the next flood.

“...repeals entirely the section ... that calls on FEMA to update its maps.”

- Opponents are mischaracterizing a provision to reinstate grandfathering.
- The provision does not prevent FEMA from updating flood maps.
- Grandfathering allows those who built to code to retain their rates if maps change.
- This is to prevent “bait and switch” – i.e., telling owners to build to one standard only to, 3-5 years later, have them rebuild to yet a higher standard or else pay \$30,000 for required flood insurance.

“Voters can only conclude that the House leaders' decisions are either schizophrenic or unprincipled.”

- A vote for the House substitute bill is consistent with the intent of Biggert-Waters.
- It is a vote of no confidence in FEMA’s ability to implement Biggert-Waters as Congress intended.
- REALTORS® continue to support Biggert-Waters but was just too big for FEMA to successfully implement quickly, as evidenced by the faulty premium rates and flood maps.
- Under the House bill, all property owners will be required to pay a rate increase each year.
- Instead of forcing homebuyers to shoulder the entire burden, the House bill makes up the same amount of revenue through a small fee on all policies until everyone is paying full-risk rates.
- Home buying is complicated enough without introducing new variables like inaccurate premium rate quotes into the mix.
- Until FEMA can prove it knows what it is doing, Congress should remove authority.
- REALTORS® strongly support House leadership’s amendment to the Senate bill to fix issues like the immediate jump to full risk rates at time of sale and reinstating grandfathering for those who live in homes built according to the rules.

REALTORS® strongly urge you to vote “yes” on H.R. 3370 as amended.