

103D CONGRESS  
2D SESSION

# H. R. 3191

## AN ACT

To revise the national flood insurance program to promote compliance with requirements for mandatory purchase of flood insurance, to provide assistance for mitigation activities designed to reduce damages to structures subject to flooding and shoreline erosion, and to increase the maximum coverage amounts under the program, and for other purposes.

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1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “National Flood Insurance Reform Act of 1994”.

## 1 (b) TABLE OF CONTENTS.—

- Sec. 1. Short title and table of contents.
- Sec. 2. Declaration of purpose under National Flood Insurance Act of 1968.

### TITLE I—DEFINITIONS

- Sec. 101. Flood Disaster Protection Act of 1973.
- Sec. 102. National Flood Insurance Act of 1968.

### TITLE II—COMPLIANCE AND INCREASED PARTICIPATION

- Sec. 201. Existing flood insurance purchase requirements.
- Sec. 202. Expanded flood insurance purchase requirements.
- Sec. 203. Escrow of flood insurance payments.
- Sec. 204. Placement of flood insurance by lenders.
- Sec. 205. Penalties for failure to require flood insurance or notify.
- Sec. 206. Ongoing compliance with flood insurance purchase requirements.
- Sec. 207. Fees for determining applicability of flood insurance purchase requirements.
- Sec. 208. Notice requirements.
- Sec. 209. Standard hazard determination forms.
- Sec. 210. Examinations regarding compliance.
- Sec. 211. Financial Institutions Examination Council.
- Sec. 212. Clerical amendments.

### TITLE III—RATINGS AND INCENTIVES FOR COMMUNITY FLOODPLAIN MANAGEMENT PROGRAMS

- Sec. 301. Community rating system and incentives for community floodplain management.
- Sec. 302. Funding.

### TITLE IV—MITIGATION OF FLOOD RISKS

- Sec. 401. Repeal of flooded property purchase and loan program.
- Sec. 402. Termination of erosion-threatened structures program.
- Sec. 403. Mitigation assistance program.
- Sec. 404. Establishment of National Flood Mitigation Fund.
- Sec. 405. Insurance premium mitigation surcharge.
- Sec. 406. Study of mitigation insurance.

### TITLE V—FLOOD INSURANCE TASK FORCE

- Sec. 501. Flood Insurance Interagency Task Force.

### TITLE VI—MISCELLANEOUS PROVISIONS

- Sec. 601. Extension of flood insurance program.
- Sec. 602. Limitation on premium increases.
- Sec. 603. Maximum flood insurance coverage amounts.
- Sec. 604. Flood insurance program arrangements with private insurance entities.
- Sec. 605. Updating of flood maps.
- Sec. 606. Technical Mapping Advisory Council.
- Sec. 607. Evaluation of erosion hazards.
- Sec. 608. Study of economic effects of charging actuarially-based premium rates for pre-firm structures.

Sec. 609. Effective dates of policies.  
 Sec. 610. Regulations.  
 Sec. 611. Relation to State and local laws.

1 **SEC. 2. DECLARATION OF PURPOSE UNDER NATIONAL**  
 2 **FLOOD INSURANCE ACT OF 1968.**

3 Section 1302(e) of the National Flood Insurance Act  
 4 of 1968 (42 U.S.C. 4001(e)) is amended—

5 (1) by redesignating clauses (3), (4), and (5),  
 6 as clauses (4), (5), and (6), respectively; and

7 (2) by inserting after the comma at the end of  
 8 clause (2) the following: “(3) encourage State and  
 9 local governments to protect natural and beneficial  
 10 floodplain functions that reduce flood-related  
 11 losses,”.

12 **TITLE I—DEFINITIONS**

13 **SEC. 101. FLOOD DISASTER PROTECTION ACT OF 1973.**

14 (a) IN GENERAL.—Section 3(a) of the Flood Disaster  
 15 Protection Act of 1973 (42 U.S.C. 4003(a)) is amended—

16 (1) by striking paragraph (5) and inserting the  
 17 following new paragraph:

18 “(5) ‘Federal entity for lending regulation’  
 19 means the Board of Governors of the Federal Re-  
 20 serve System, the Federal Deposit Insurance Cor-  
 21 poration, the Comptroller of the Currency, the Office  
 22 of Thrift Supervision, and the National Credit  
 23 Union Administration, and with respect to a particu-  
 24 lar regulated lending institution means the entity

1 primarily responsible for the supervision, approval,  
2 or regulation of the institution;”;

3 (2) in paragraph (6), by striking the period at  
4 the end and inserting a semicolon; and

5 (3) by inserting after paragraph (6) the follow-  
6 ing new paragraphs:

7 “(7) ‘Federal agency lender’ means a Federal  
8 agency that makes direct loans secured by improved  
9 real estate or a mobile home, to the extent such  
10 agency acts in such capacity;

11 “(8) ‘lender’ includes any regulated lending in-  
12 stitution, other lending institution, and Federal  
13 agency lender, but does not include any agency en-  
14 gaged primarily in the purchase of mortgage loans;

15 “(9) ‘other lending institution’ means any lend-  
16 ing institution that is not subject to the supervision,  
17 approval, regulation, or insuring of any Federal en-  
18 tity for lending regulation and that is not a Federal  
19 agency lender, but does not include institutions en-  
20 gaged primarily in the purchase of mortgage loans;

21 “(10) ‘regulated lending institution’ means any  
22 bank, savings and loan association, credit union, or  
23 similar institution subject to the supervision, ap-  
24 proval, regulation, or insuring of a Federal entity for  
25 lending regulation; and

1           “(11) ‘servicer’ means the person responsible  
2           for receiving any scheduled periodic payments from  
3           a borrower pursuant to the terms of a loan, includ-  
4           ing amounts for taxes, insurance premiums, and  
5           other charges with respect to the property, and mak-  
6           ing the payments of principal and interest and such  
7           other payments with respect to the amounts received  
8           from the borrower as may be required pursuant to  
9           the terms of the loan.”.

10       (b) CONFORMING AMENDMENT.—Section 202(b) of  
11 the Flood Disaster Protection Act of 1973 (42 U.S.C.  
12 4106(b)) is amended by striking “Federal instrumentality  
13 described in such section shall by regulation require the  
14 institutions” and inserting “Federal entity for lending reg-  
15 ulation (with respect to regulated lending institutions), the  
16 Secretary of Housing and Urban Development (with re-  
17 spect to other lending institutions), and the appropriate  
18 head of each Federal agency lender, shall by regulation  
19 require the lenders”.

20 **SEC. 102. NATIONAL FLOOD INSURANCE ACT OF 1968.**

21       (a) IN GENERAL.—Section 1370(a) of the National  
22 Flood Insurance Act of 1968 (42 U.S.C. 4121(a)) is  
23 amended—

24           (1) in paragraph (5), by striking “and” at the  
25           end;

1           (2) in paragraph (6), by striking the period at  
2           the end and inserting a semicolon; and

3           (3) by inserting after paragraph (6) the follow-  
4           ing new paragraphs:

5           “(7) the term ‘repetitive loss structure’ means  
6           a structure covered by a contract for flood insurance  
7           under this title that has incurred flood-related dam-  
8           age on 2 occasions during a 10-year period ending  
9           on the date of the event for which a second claim  
10          is made, in which the cost of repair, on the average,  
11          equaled or exceeded 25 percent of the value of the  
12          structure at the time of each such flood event;

13          “(8) the term ‘coastal’ means relating to the  
14          coastlines and bays of the tidal waters of the United  
15          States or the shorelines of the Great Lakes, but does  
16          not refer to bayous, riverine areas, and riverine por-  
17          tions of estuaries;

18          “(9) the term ‘Federal agency lender’ means a  
19          Federal agency that makes direct loans secured by  
20          improved real estate or a mobile home, to the extent  
21          such agency acts in such capacity;

22          “(10) the term ‘Federal entity for lending regu-  
23          lation’ means the Board of Governors of the Federal  
24          Reserve System, the Federal Deposit Insurance Cor-  
25          poration, the Comptroller of the Currency, the Office

1 of Thrift Supervision, and the National Credit  
2 Union Administration, and with respect to a particu-  
3 lar regulated lending institution means the entity  
4 primarily responsible for the supervision, approval,  
5 or regulation of the institution;

6 “(11) the term ‘lender’ includes any regulated  
7 lending institution, other lending institution, and  
8 Federal agency lender, but does not include any  
9 agency engaged primarily in the purchase of mort-  
10 gage loans;

11 “(12) the term ‘natural and beneficial flood-  
12 plain functions’ means—

13 “(A) the functions associated with the nat-  
14 ural or relatively undisturbed floodplain that (i)  
15 moderate flooding, retain flood waters, reduce  
16 erosion and sedimentation, and mitigate the ef-  
17 fect of waves and storm surge from storms, and  
18 (ii) reduce flood related damage; and

19 “(B) ancillary beneficial functions, includ-  
20 ing maintenance of water quality and recharge  
21 of ground water, that reduce flood related dam-  
22 age;

23 “(13) the term ‘regulated lending institution’  
24 means a bank, savings and loan association, credit  
25 union, or similar institution subject to the super-



1 vision, approval, regulation, or insuring of a Federal  
2 entity for lending regulation;

3 “(14) the term ‘other lending institution’ means  
4 any lending institution that is not subject to the su-  
5 pervision, approval, regulation, or insuring of any  
6 Federal entity for lending regulation and that is not  
7 a Federal agency lender, but does not include insti-  
8 tutions engaged primarily in the purchase of mort-  
9 gage loans; and

10 “(15) the term ‘servicer’ means the person re-  
11 sponsible for receiving any scheduled periodic pay-  
12 ments from a borrower pursuant to the terms of a  
13 loan, including amounts for taxes, insurance pre-  
14 miums, and other charges with respect to the prop-  
15 erty, and making the payments of principal and in-  
16 terest and such other payments with respect to the  
17 amounts received from the borrower as may be re-  
18 quired pursuant to the terms of the loan.”.

19 (b) CONFORMING AMENDMENT.—Section 1322(d) of  
20 the National Flood Insurance Act of 1968 (42 U.S.C.  
21 4029(d)) is amended by striking “federally supervised, ap-  
22 proved, regulated or insured financial institution” and in-  
23 serting “regulated lending institution, other lending insti-  
24 tution, or Federal agency lender”.

## **TITLE II—COMPLIANCE AND INCREASED PARTICIPATION**

### **SEC. 201. EXISTING FLOOD INSURANCE PURCHASE RE- QUIREMENTS.**

Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(a)) is amended—

(1) by inserting after “(a)” the following: “REQUIREMENT FOR FEDERAL ASSISTANCE FOR ACQUISITION OR CONSTRUCTION.—”; and

(2) by adding at the end the following new sentence: “This subsection may not be construed to permit the provision of any amount of financial assistance with respect to any building or mobile home and related personal property for which flood insurance is required under this subsection, unless the requirements under this subsection are complied with in full. The prohibitions and requirements of this subsection relating to financial assistance may not be waived for any purpose.”.

### **SEC. 202. EXPANDED FLOOD INSURANCE PURCHASE RE- QUIREMENTS.**

Section 102(b) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(b)) is amended to read as follows:

“(b) REQUIREMENT FOR MORTGAGE LOANS.—

1           “(1) REGULATED LENDING INSTITUTIONS.—

2       Each Federal entity for lending regulation (after  
3       consultation and coordination with the Financial In-  
4       stitutions Examination Council established under the  
5       Federal Financial Institutions Examination Council  
6       Act of 1974) shall by regulation direct regulated  
7       lending institutions not to make, increase, extend, or  
8       renew, after the expiration of 60 days following the  
9       date of the enactment of this Act, any loan secured  
10      by improved real estate or a mobile home located or  
11      to be located in an area that has been identified by  
12      the Director as an area having special flood hazards  
13      and in which flood insurance has been made avail-  
14      able under the National Flood Insurance Act of  
15      1968, unless the building or mobile home and any  
16      personal property securing such loan is covered for  
17      the term of the loan by flood insurance in an  
18      amount at least equal to the outstanding principal  
19      balance of the loan or the maximum limit of cov-  
20      erage made available under the Act with respect to  
21      the particular type of property, whichever is less.

22           “(2) OTHER LENDING INSTITUTIONS.—The  
23      Secretary of Housing and Urban Development (after  
24      consultation and coordination with the Financial In-

stitutions Examination Council) shall by regulation direct that—

“(A) any other lending institution may not make, increase, extend, or renew any loan secured by improved real estate consisting of a 1-to 4-family residence or a mobile home located or to be located in an area that has been identified by the Director of the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968, unless the building or mobile home and any personal property securing such loan is covered for the term of the loan by flood insurance in the amount provided in paragraph (1); and

“(B) any loan that is—

“(i) secured by improved real estate or a mobile home located in an area that has been identified at the time of the origination of the loan by the Director of the Federal Emergency Management Agency, as an area of special flood hazards and in which flood insurance is available under

1           the National Flood Insurance Act of 1968,  
2           and  
3           “(ii) purchased by the Government  
4           National Mortgage Association,  
5           is covered for the term of the loan by flood in-  
6           surance in the amount provided in paragraph  
7           (1).

8           “(3) FEDERAL AGENCY LENDERS.—A Federal  
9           agency lender may not make, increase, extend, or  
10          renew any loan secured by improved real estate or  
11          a mobile home located or to be located in an area  
12          that has been identified by the Director of the Fed-  
13          eral Emergency Management Agency as an area  
14          having special flood hazards and in which flood in-  
15          surance has been made available under the National  
16          Flood Insurance Act of 1968, unless the building or  
17          mobile home and any personal property securing  
18          such loan is covered for the term of the loan by flood  
19          insurance in the amount provided in paragraph (1).  
20          The relevant head of each Federal agency lender  
21          shall issue any regulations necessary to carry out  
22          this paragraph. Such regulations shall be consistent  
23          with and substantially identical to the regulations is-  
24          sued under paragraphs (1) and (2).

1           “(4) GOVERNMENT-SPONSORED ENTERPRISES  
2           FOR HOUSING.—The Federal National Mortgage As-  
3           sociation and the Federal Home Loan Mortgage  
4           Corporation shall implement procedures reasonably  
5           designed to ensure that any loan that is—

6                   “(A) secured by improved real estate or a  
7                   mobile home located in an area that has been  
8                   identified at the time of the origination of the  
9                   loan by the Director as an area of special flood  
10                  hazards and in which flood insurance is avail-  
11                  able under the National Flood Insurance Act of  
12                  1968, and

13                   “(B) purchased by either such entity,  
14                  is covered for the term of the loan by flood insur-  
15                  ance in the amount provided in paragraph (1).

16           “(5) CONTESTED DETERMINATIONS.—If a bor-  
17           rower under a loan disputes or challenges the deter-  
18           mination of the lender that the improved real estate  
19           or mobile home securing the loan is located in an  
20           area of special flood hazards, the lender shall review  
21           and consider any relevant information, as deter-  
22           mined by the Director, submitted to the lender by  
23           the borrower.

24           “(6) APPLICABILITY.—Paragraphs (2) through  
25           (4) shall apply only with respect to any loan made,

1 increased, extended, or renewed after the expiration  
2 of the 1-year period beginning on the date of the en-  
3 actment of the National Flood Insurance Reform  
4 Act of 1994.’’.

5 **SEC. 203. ESCROW OF FLOOD INSURANCE PAYMENTS.**

6 Section 102 of the Flood Disaster Protection Act of  
7 1973 (42 U.S.C. 4012a) is amended by adding at the end  
8 the following new subsection:

9 “(d) ESCROW OF FLOOD INSURANCE PAYMENTS.—

10 “(1) PRIVATE LENDERS.—For loans secured by  
11 residential real estate, each Federal entity for lend-  
12 ing regulation (with respect to any loans of regu-  
13 lated lending institutions) and the Secretary of  
14 Housing and Urban Development (with respect to  
15 any loans of other lending institutions), after con-  
16 sultation and coordination with the Financial Insti-  
17 tutions Examination Council, shall by regulation re-  
18 quire that, if a lender or other servicer of the loan  
19 requires the escrowing of taxes, insurance premiums,  
20 fees, or any other charges for a loan secured by resi-  
21 dential real estate or a mobile home, then all pre-  
22 miums and fees for flood insurance under the Na-  
23 tional Flood Insurance Act of 1968 for the residen-  
24 tial real estate or mobile home shall be paid to the  
25 lender or servicer of the loan. Premiums and fees

1       paid to the lender or servicer shall be paid in a man-  
2       ner sufficient to make payments as due for the dura-  
3       tion of the loan. Upon receipt of the premiums, the  
4       lender or servicer of the loan shall deposit the pre-  
5       miums in an escrow account on behalf of the bor-  
6       rower. Upon receipt of a notice from the Director or  
7       the provider of the insurance that insurance pre-  
8       miums are due, the lender or servicer shall pay from  
9       the escrow account to the provider of the insurance  
10      the amount of insurance premiums owed.

11           “(2) FEDERAL AGENCY LENDERS.—The appro-  
12      priate head of each Federal agency lender shall by  
13      regulation require and provide for escrow and pay-  
14      ment of any flood insurance premiums and fees re-  
15      lating to residential property securing loans made by  
16      the Federal agency lender under the circumstances  
17      and in the manner provided under paragraph (1).  
18      Any regulations issued under this paragraph shall be  
19      consistent with and substantially identical to the  
20      regulations issued under paragraph (1).

21           “(3) APPLICABILITY OF RESPA.—Escrow ac-  
22      counts established pursuant to this subsection shall  
23      be subject to the provisions of section 10 of the Real  
24      Estate Settlement Procedures Act of 1974.



1           “(4) APPLICABILITY.—This subsection shall  
2       apply only with respect to any loan made, increased,  
3       extended, or renewed after the expiration of the 1-  
4       year period beginning on the date of the enactment  
5       of the National Flood Insurance Reform Act of  
6       1994.”.

7       **SEC. 204. PLACEMENT OF FLOOD INSURANCE BY LENDERS.**

8           (a) ACTIONS REQUIRED BY LENDER.—Section 102  
9       of the Flood Disaster Protection Act of 1973 (42 U.S.C.  
10      4012a), as amended by the preceding provisions of this  
11      Act, is further amended by adding at the end the following  
12      new subsection:

13           “(e) PLACEMENT OF FLOOD INSURANCE BY LEND-  
14      ER.—

15           “(1) NOTIFICATION TO BORROWER OF LACK OF  
16      COVERAGE.—If, at any time during the term of a  
17      loan secured by improved real estate or by a mobile  
18      home located in an area that has been identified by  
19      the Director as an area having special flood hazards  
20      and in which flood insurance is available under the  
21      National Flood Insurance Act of 1968, the lender or  
22      servicer for the loan determines that the building or  
23      mobile home and any personal property securing the  
24      loan is covered by flood insurance in an amount less  
25      than the amount required for the property pursuant

1 to subsection (b), the lender or servicer shall notify  
2 the borrower under the loan that the borrower  
3 should obtain, at the borrower's expense, an amount  
4 of flood insurance for the property that is not less  
5 than the amount under subsection (b)(1), for the  
6 term of the loan.

7 “(2) PURCHASE OF COVERAGE ON BEHALF OF  
8 BORROWER.—If the borrower fails to purchase such  
9 flood insurance within 60 days after such notifica-  
10 tion, the lender or servicer for the loan shall pur-  
11 chase the insurance on behalf of the borrower and  
12 may charge the borrower for the cost of premiums  
13 and fees incurred by the lender or servicer for the  
14 loan in purchasing the insurance.

15 “(3) REVIEW OF DETERMINATION REGARDING  
16 REQUIRED PURCHASE.—

17 “(A) IN GENERAL.—A borrower may re-  
18 quest that the Director review a determination  
19 that the improved real estate or mobile home  
20 securing the loan is located in an area of special  
21 flood hazards. Not later than 45 days after the  
22 Director receives the request, the Director shall  
23 review the determination and provide the bor-  
24 rower with a letter stating whether or not the

1 property is in a special flood hazards area. The  
2 determination of the Director shall be final.

3 “(B) EFFECT OF DETERMINATION.—Any  
4 person to whom a borrower provides a letter is-  
5 sued by the Director pursuant to subparagraph  
6 (A), stating that the property of the borrower  
7 is not in an area of special flood hazards, shall  
8 have no obligation under this title to require the  
9 purchase of flood insurance on the property  
10 during the 1-year period beginning upon the  
11 date that such letter is provided.

12 “(4) APPLICABILITY.—This subsection shall  
13 apply to all loans outstanding on or after the date  
14 of enactment of the National Flood Insurance Re-  
15 form Act of 1994.”.

16 **SEC. 205. PENALTIES FOR FAILURE TO REQUIRE FLOOD IN-**  
17 **SURANCE OR NOTIFY.**

18 Section 102 of the Flood Disaster Protection Act of  
19 1973 (42 U.S.C. 4012a), as amended by the preceding  
20 provisions of this Act, is further amended by adding at  
21 the end the following new subsections:

22 “(f) CIVIL MONETARY PENALTIES FOR FAILURE TO  
23 REQUIRE FLOOD INSURANCE OR NOTIFY.—

24 “(1) CIVIL MONETARY PENALTIES AGAINST  
25 LENDERS.—Any regulated or other lending institu-

1       tion that is found to have a pattern or practice of  
2       committing violations under paragraph (2) shall be  
3       assessed a civil penalty by the appropriate Federal  
4       entity for lending regulation (with respect to regu-  
5       lated lending institutions) or the Secretary of Hous-  
6       ing and Urban Development (with respect to other  
7       lending institutions) in the amount provided under  
8       paragraph (5).

9           “(2) LENDER VIOLATIONS.—The violations re-  
10       ferred to in paragraph (1) shall be—

11           “(A) making, increasing, extending, or re-  
12       newing loans in violation of—

13           “(i) the regulations issued pursuant to  
14       subsection (b) of this section;

15           “(ii) the escrow requirements under  
16       subsection (d) of this section; or

17           “(iii) the notice requirements under  
18       section 1364 of the National Flood Insur-  
19       ance Act of 1968; or

20           “(B) failure to provide notice or purchase  
21       flood insurance coverage in violation of sub-  
22       section (e) of this section.

23           “(3) CIVIL MONETARY PENALTIES AGAINST  
24       GSE’S.—If the Federal National Mortgage Associa-  
25       tion or the Federal Home Loan Mortgage Corpora-

1       tion is found by the Director of the Office of Federal  
2       Housing Enterprise Oversight of the Department of  
3       Housing and Urban Development to have a pattern  
4       or practice of purchasing loans in violation of the  
5       procedures established pursuant to subsection (b)(4)  
6       of this section, the Director of such Office shall as-  
7       sess a civil penalty against such enterprise in the  
8       amount provided under paragraph (5) of this sub-  
9       section. For purposes of this subsection, the term  
10      ‘enterprise’ means the Federal National Mortgage  
11      Association or the Federal Home Loan Mortgage  
12      Corporation.

13           “(4) NOTICE AND HEARING.—A penalty under  
14      this subsection may be issued only after notice and  
15      an opportunity for a hearing on the record.

16           “(5) AMOUNT.—A civil monetary penalty under  
17      this subsection may not exceed \$350 for each viola-  
18      tion under paragraph (2) or paragraph (3). The  
19      total amount of penalties assessed under this sub-  
20      section against any single regulated lending institu-  
21      tion, other lending institution, or enterprise for any  
22      calendar year may not exceed \$100,000.

23           “(6) LENDER COMPLIANCE.—Notwithstanding  
24      any State or local law, for purposes of this sub-  
25      section, any lender that purchases flood insurance or

1       renews a contract for flood insurance on behalf of or  
2       as an agent of a borrower of a loan for which flood  
3       insurance is required shall be considered to have  
4       complied with the regulations issued under sub-  
5       section (b).

6           “(7) EFFECT OF TRANSFER ON LIABILITY.—  
7       Any sale or other transfer of a loan by a lender who  
8       has committed a violation under paragraph (1), that  
9       occurs subsequent to the violation, shall not affect  
10      the liability of the transferring lender with respect to  
11      any penalty under this subsection. A lender shall not  
12      be liable for any violations relating to a loan com-  
13      mitted by another lender who previously held the  
14      loan.

15          “(8) DEPOSIT OF PENALTIES.—Any penalties  
16      collected under this subsection shall be paid into the  
17      National Flood Mitigation Fund under section 1367  
18      of the National Flood Insurance Act of 1968.

19          “(9) ADDITIONAL PENALTIES.—Any penalty  
20      under this subsection shall be in addition to any civil  
21      remedy or criminal penalty otherwise available.

22          “(10) STATUTE OF LIMITATIONS.—No penalty  
23      may be imposed under this subsection after the expi-  
24      ration of the 5-year period beginning on the date of

1 the occurrence of the violation for which the penalty  
2 is authorized under this subsection.

3 “(g) OTHER ACTIONS TO REMEDY PATTERN OF  
4 NONCOMPLIANCE.—

5 “(1) AUTHORITY OF FEDERAL ENTITIES FOR  
6 LENDING REGULATION.—The head of the applicable  
7 Federal entity for lending regulation may require a  
8 regulated lending institution to take such remedial  
9 actions as are necessary to ensure that the regulated  
10 lending institution complies with the requirements of  
11 the national flood insurance program if the Federal  
12 agency for lending regulation makes a determination  
13 under paragraph (3) regarding the regulated lending  
14 institution.

15 “(2) AUTHORITY OF SECRETARY OF HUD.—The  
16 Secretary of Housing and Urban Development may  
17 require an other lending institution to take such re-  
18 medial actions as are necessary to ensure that the  
19 other lending institution complies with the require-  
20 ments of the national flood insurance program if  
21 such Secretary makes a determination under para-  
22 graph (3) regarding the other lending institution.

23 “(3) DETERMINATION OF VIOLATIONS.—A de-  
24 termination under this paragraph shall be a finding  
25 that—

1           “(A) the regulated lending institution or  
2           other lending institution, as the case may be,  
3           has engaged in a pattern and practice of non-  
4           compliance in violation of the regulations issued  
5           pursuant to subsection (b), (d), or (e) of this  
6           section or the notice requirements under section  
7           1364 of the National Flood Insurance Act of  
8           1968; and

9           “(B) the regulated lending institution or  
10          other lending institution, as the case may be,  
11          has not demonstrated measurable improvement  
12          in compliance despite the assessment of civil  
13          monetary penalties under subsection (f).”.

14   **SEC. 206. ONGOING COMPLIANCE WITH FLOOD INSURANCE**  
15                   **PURCHASE REQUIREMENTS.**

16          Section 102 of the Flood Disaster Protection Act of  
17   1973 (42 U.S.C. 4012a), as amended by the preceding  
18   provisions of this Act, is further amended by adding at  
19   the end the following new subsection:

20          “(h) NOTIFICATION OF FLOOD HAZARDS TO LOAN  
21   TRANSFEREE.—

22               “(1) IN GENERAL.—Except as provided in para-  
23   graphs (2) through (5), before the sale or transfer  
24   of any loan secured by improved real estate or a mo-  
25   bile home, the seller or transferor of the loan shall



1       determine whether the property is in an area that  
2       has been designated by the Director as an area hav-  
3       ing special flood hazards. The seller or transferor  
4       shall, before sale or transfer, notify the purchaser or  
5       transferee and any servicer of the loan in writing re-  
6       garding the results of the determination. A deter-  
7       mination under this paragraph shall be evidenced  
8       using the standard hazard determination form under  
9       section 1365 of the National Flood Insurance Act of  
10      1968.

11           “(2) EXCEPTIONS.—For any loan secured by  
12      improved real estate or a mobile home, a determina-  
13      tion and notice under paragraph (1) shall not be re-  
14      quired if, during the 5-year period ending on the  
15      date of the sale or transfer of the loan—

16           “(A) a determination and notice under  
17      paragraph (1) has been made for the property  
18      secured by the loan; or

19           “(B)(i) the loan has been made, increased,  
20      extended, or renewed; and

21           “(ii) the lender making, increasing, extend-  
22      ing, or renewing the loan was subject, at the  
23      time of such transaction, to regulations issued  
24      pursuant to paragraph (1), (2), or (3) of sub-  
25      section (b).

1 “(3) LOANS TRANSFERRED BY FDIC.—

2 “(A) IN GENERAL.—Except as provided in  
3 subparagraph (B), for any loan secured by im-  
4 proved real estate or a mobile home that is sold  
5 or transferred by the Federal Deposit Insurance  
6 Corporation acting in its corporate capacity or  
7 in its capacity as conservator or receiver, the  
8 purchaser or transferee of the loan shall deter-  
9 mine whether the property is in an area that  
10 has been designated by the Director as an area  
11 having special flood hazards.

12 “(B) EXCEPTIONS.—Such determination  
13 and notice shall not be required for any loan—

14 “(i) sold or transferred to an entity  
15 under the control of the Federal Deposit  
16 Insurance Corporation; or

17 “(ii) for which the purchaser or trans-  
18 feree exercises any available option to  
19 transfer or put the loan back to the Fed-  
20 eral Deposit Insurance Corporation.

21 “(C) NOTICE TO DIRECTOR.—A purchaser  
22 or transferee of a loan required to make a de-  
23 termination and notification under subpara-  
24 graph (A) shall notify the Director and any  
25 servicer of the loan of the results of the deter-

1 mination (using the standard hazard determina-  
2 tion form under section 1365 of the National  
3 Flood Insurance Act of 1968) before the expira-  
4 tion of the 90-day period beginning on the later  
5 of (i) the purchase or transfer of the loan, or  
6 (ii) the expiration of any option that the pur-  
7 chaser or transferee may have to transfer or  
8 put the loan back to the Federal Deposit Insur-  
9 ance Corporation.

10 “(4) LOANS TRANSFERRED BY RTC.—

11 “(A) IN GENERAL.—For any loan secured  
12 by improved real estate or a mobile home that  
13 is sold or transferred by the Resolution Trust  
14 Corporation acting in its corporate capacity or  
15 in its capacity as a conservator or receiver, the  
16 purchaser or transferee of the loan shall deter-  
17 mine whether the property is in an area that  
18 has been designated by the Director as an area  
19 having special flood hazards if—

20 “(i) the Resolution Trust Corporation  
21 acquires the loan after the date of the ef-  
22 fectiveness of this subsection and sells or  
23 transfers the loan before the expiration of  
24 the 12-month period beginning on such ef-  
25 fective date; or

1           “(ii) the Corporation holds the loan  
2           on the date of the effectiveness of this sub-  
3           section and sells or transfers the loan be-  
4           fore the expiration of the 6-month period  
5           beginning on such effective date.

6           “(B) NOTICE TO DIRECTOR.—A purchaser  
7           or transferee of a loan required to make a de-  
8           termination and notification under subpara-  
9           graph (A) shall notify the Director and any  
10          servicer of the loan of the results of the deter-  
11          mination (using the standard hazard determina-  
12          tion form under section 1365 of the National  
13          Flood Insurance Act of 1968) before the expira-  
14          tion of the 90-day period beginning upon the  
15          purchase or transfer of the loan.

16          “(5) LOANS TRANSFERRED BY NCUA.—

17               “(A) IN GENERAL.—Except as provided in  
18               subparagraph (C), for any loan secured by im-  
19               proved real estate or a mobile home that is sold  
20               or transferred by the National Credit Union  
21               Administration acting in its corporate capacity  
22               or in its capacity as a conservator or liquidating  
23               agent, the purchaser or transferee of the loan  
24               shall determine whether the property is in an

1 area that has been designated by the Director  
2 as an area having special flood hazards.

3 “(B) NOTICE TO DIRECTOR.—A purchaser  
4 or transferee of a loan required to make a de-  
5 termination and notification under subpara-  
6 graph (A) shall notify the Director and any  
7 servicer of the loan of the results of the deter-  
8 mination (using the standard hazard determina-  
9 tion form under section 1365 of the National  
10 Flood Insurance Act of 1968) before the expira-  
11 tion of the 90-day period beginning upon the  
12 purchase or transfer of the loan.

13 “(C) EXCEPTION.—Such determination  
14 and notice shall not be required for any loan  
15 sold or transferred to an entity under the con-  
16 trol of the National Credit Union Administra-  
17 tion.

18 “(6) APPLICABILITY.—This subsection shall  
19 apply only with respect to any loan outstanding or  
20 entered into after the expiration of the 1-year period  
21 beginning on the date of the enactment of the Na-  
22 tional Flood Insurance Reform Act of 1994.”.

1 **SEC. 207. FEES FOR DETERMINING APPLICABILITY OF**  
2 **FLOOD INSURANCE PURCHASE REQUIRE-**  
3 **MENTS.**

4 Section 102 of the Flood Disaster Protection Act of  
5 1973 (42 U.S.C. 4012a) as amended by the preceding pro-  
6 visions of this Act, is further amended by adding at the  
7 end the following new subsection:

8 “(i) FEE FOR DETERMINING LOCATION.—Notwith-  
9 standing any other Federal or State law, any lender for  
10 a loan described in paragraph (1), (2), or (3) of subsection  
11 (b) may charge a reasonable fee (as determined by the  
12 Director) for the costs of determining whether the prop-  
13 erty securing the loan is located in an area of special flood  
14 hazards, but only in accordance with the following require-  
15 ments:

16 “(1) BORROWER FEE.—The borrower under  
17 such a loan may be charged the fee, but only if the  
18 determination is made pursuant to—

19 “(A) the making, increasing, extending, or  
20 renewing of the loan that is initiated by the  
21 borrower; or

22 “(B) a revision or updating under section  
23 1360(f) of the floodplain areas and flood-risk  
24 zones or publication of a notice or compendia  
25 under subsection (h) or (i) of section 1360 that  
26 affects the area in which the property securing

1           the loan is located or that, in the determination  
2           of the Director, may reasonably be considered  
3           to require a determination under this sub-  
4           section.

5           “(2) PURCHASER OR TRANSFEREE FEE.—The  
6           purchaser or transferee of such a loan may be  
7           charged the fee in the case of sale or transfer of the  
8           loan.”.

9   **SEC. 208. NOTICE REQUIREMENTS.**

10          Section 1364 of the National Flood Insurance Act of  
11   1968 (42 U.S.C. 4104a) is amended to read as follows:

12                               “NOTICE REQUIREMENTS

13          “SEC. 1364. (a) NOTIFICATION OF SPECIAL FLOOD  
14   HAZARDS.—

15                       “(1) REGULATED LENDING INSTITUTIONS.—

16          Each Federal entity for lending regulation, after  
17          consultation and coordination with the Financial In-  
18          stitutions Examination Council, shall by regulation  
19          require regulated lending institutions, as a condition  
20          of making, increasing, extending, or renewing any  
21          loan secured by improved real estate or a mobile  
22          home located or to be located in an area that has  
23          been identified by the Director under this title or the  
24          Flood Disaster Protection Act of 1973 as an area  
25          having special flood hazards, to notify the purchaser  
26          or lessee (or obtain satisfactory assurances that the

1 seller or lessor has notified the purchaser or lessee)  
2 and the servicer of the loan of such special flood  
3 hazards, in writing, a reasonable period in advance  
4 of the signing of the purchase agreement, lease, or  
5 other documents involved in the transaction. The  
6 regulations shall also require that the lenders retain  
7 a record of the receipt of the notices by the pur-  
8 chaser or lessee and the servicer.

9 “(2) OTHER LENDING INSTITUTIONS.—The  
10 Secretary of Housing and Urban Development shall  
11 by regulation require notification in the manner pro-  
12 vided under paragraph (1) with respect to any loan  
13 made by another lending institution and secured by  
14 improved real estate consisting of a 1- to 4-family  
15 residence or a mobile home located or to be located  
16 in an area that has been identified by the Director  
17 under this title or the Flood Disaster Protection Act  
18 of 1973 as an area having special flood hazards. Any  
19 regulations issued under this paragraph shall be con-  
20 sistent with and substantially identical to the regula-  
21 tions issued under paragraph (1) (except to the ex-  
22 tent necessary to provide for differences between the  
23 types of loans for which notice is required under this  
24 paragraph and the types for which notice is required  
25 under paragraph (1)).



1           “(3) FEDERAL AGENCY LENDERS.—The appro-  
2       priate head of each Federal agency lender shall by  
3       regulation require notification in the manner pro-  
4       vided under paragraph (1) with respect to any loan  
5       that is made by the Federal agency lender and se-  
6       cured by improved real estate or a mobile home lo-  
7       cated or to be located in an area that has been iden-  
8       tified by the Director under this title or the Flood  
9       Disaster Protection Act of 1973 as an area having  
10      special flood hazards. Any regulations issued under  
11      this paragraph shall be consistent with and substan-  
12      tially identical to the regulations issued under para-  
13      graph (1).

14           “(4) CONTENTS OF NOTICE.—Written notifica-  
15      tion required under this subsection shall include—

16           “(A) a warning, in a form to be established  
17           in consultation with and subject to the approval  
18           of the Director, stating that the real estate or  
19           mobile home securing the loan is located or is  
20           to be located in an area having special flood  
21           hazards;

22           “(B) a description of the flood insurance  
23           purchase requirements under section 102(b) of  
24           the Flood Disaster Protection Act of 1973;

1           “(C) a statement that flood insurance cov-  
2           erage may be purchased under the national  
3           flood insurance program and is also available  
4           from private insurers; and

5           “(D) any other information that the Direc-  
6           tor considers necessary to carry out the pur-  
7           poses of the national flood insurance program.

8           “(b) NOTIFICATION OF CHANGE OF SERVICER.—

9           “(1) LENDING INSTITUTIONS.—Each Federal  
10          entity for lending regulation (with respect to regu-  
11          lated lending institutions) and the Secretary of  
12          Housing and Urban Development (with respect to  
13          other lending institutions), after consultation and co-  
14          ordination with the Financial Institutions Examina-  
15          tion Council, shall by regulation require such institu-  
16          tions, as a condition of making, increasing, extend-  
17          ing, renewing, selling, or transferring any loan de-  
18          scribed in subsection (a)(1), to notify the Director  
19          (or the designee of the Director) in writing during  
20          the term of the loan of the servicer of the loan. Such  
21          institutions shall also notify the Director (or such  
22          designee) of any change in the servicer of the loan,  
23          not later than 60 days after the effective date of  
24          such change. The regulations under this subsection  
25          shall provide that upon any change in the servicing

1 of a loan, the duty to provide notification under this  
 2 subsection shall transfer to the transferee servicer of  
 3 the loan.

4 “(2) FEDERAL AGENCY LENDERS.—The appro-  
 5 priate head of each Federal agency lender shall by  
 6 regulation provide for notification in the manner  
 7 provided under paragraph (1) with respect to any  
 8 loan described in subsection (a)(1) that is made by  
 9 the Federal agency lender. Any regulations issued  
 10 under this paragraph shall be consistent with and  
 11 substantially identical to the regulations issued  
 12 under paragraph (1) of this subsection.

13 “(c) NOTIFICATION OF EXPIRATION OF INSUR-  
 14 ANCE.—The Director (or the designee of the Director)  
 15 shall, not less than 45 days before the expiration of any  
 16 contract for flood insurance under this title, issue notice  
 17 of such expiration by first class mail to the owner of the  
 18 property, the servicer of any loan secured by the property  
 19 covered by the contract, and the owner of the loan.”.

20 **SEC. 209. STANDARD HAZARD DETERMINATION FORMS.**

21 Chapter III of the National Flood Insurance Act of  
 22 1968 (42 U.S.C. 4101 et seq.) is amended by adding at  
 23 the end the following new section:

24 “STANDARD HAZARD DETERMINATION FORMS

25 “SEC. 1365. (a) DEVELOPMENT.—The Director, in  
 26 consultation with representatives of the mortgage and

1 lending industry, the Federal entities for lending regula-  
2 tion, the Federal agency lenders, and any other appro-  
3 priate individuals, shall develop standard written and elec-  
4 tronic forms for determining the flood hazard exposure of  
5 a property for use in connection with loans secured by im-  
6 proved real estate or a mobile home. The written and elec-  
7 tronic forms shall be established by regulations issued not  
8 later than 270 days after the date of the enactment of  
9 the National Flood Insurance Reform Act of 1994.

10 “(b) DESIGN AND CONTENTS.—

11 “(1) PURPOSE.—The form under subsection (a)  
12 shall be designed to facilitate a determination of the  
13 exposure to flood hazards of structures located on  
14 the property to which the loan application relates.  
15 The form shall be designed to facilitate compliance  
16 with the provisions of this title.

17 “(2) CONTENTS.—The form shall require iden-  
18 tification of the type of flood-risk zone in which the  
19 property is located, the complete map and panel  
20 numbers for the property, and the date of the map  
21 used for the determination, with respect to flood  
22 hazard information on file with the Director. If the  
23 property is not located in an area of special flood  
24 hazards the form shall require a statement to such  
25 effect and shall indicate the complete map and panel

1 numbers of the property. If the complete map and  
2 panel numbers for the property are not available be-  
3 cause the property is not located in a community  
4 that is participating in the national flood insurance  
5 program or because no map exists for the relevant  
6 area, the form shall require a statement to such ef-  
7 fect. The form shall provide for inclusion or attach-  
8 ment of any relevant documents indicating revisions  
9 or amendments to maps.

10 “(c) REQUIRED USE.—The Federal entities for lend-  
11 ing regulation shall by regulation require the use of the  
12 form under this section by regulated lending institutions.  
13 The appropriate head of each Federal agency lender shall  
14 by regulation provide for the use of the form with respect  
15 to any loan made by such Federal agency lender. The Sec-  
16 retary of Housing and Urban Development shall by regu-  
17 lation require use of the form in connection with loans  
18 purchased by Federal National Mortgage Association and  
19 the Federal Home Loan Mortgage Corporation and the  
20 Government National Mortgage Association. The Sec-  
21 retary of Housing and Urban Development shall encour-  
22 age the use of the form by other lending institutions.

23 “(d) GUARANTEES REGARDING INFORMATION.—In  
24 providing information regarding special flood hazards on  
25 the form developed under this section (or otherwise re-

1 quired of a lender not required to use the form under this  
2 section) any lender making, increasing, extending, or re-  
3 newing a loan secured by improved real estate or a mobile  
4 home may provide for the acquisition or determination of  
5 such information to be made by a person other than such  
6 institution, only to the extent such person guarantees the  
7 accuracy of the information. The Director shall by regula-  
8 tions establish requirements relating to the nature and  
9 manner of such guarantees.

10 “(e) ELECTRONIC FORM.—The Federal entities for  
11 lending regulation, the Secretary of Housing and Urban  
12 Development, and the appropriate head of each Federal  
13 agency lender shall by regulation require any lender using  
14 the electronic form developed under this section with re-  
15 spect to any loan to make available upon the request of  
16 such Federal entity, Secretary, or agency head, a written  
17 form under this section for such loan within 48 hours after  
18 such request.

19 “(f) EFFECTIVE DATE.—The regulations under this  
20 section requiring use of the written and electronic forms  
21 established pursuant to this section shall be issued to-  
22 gether with the regulations required under subsection (a)  
23 and shall take effect upon the expiration of the 90-day  
24 period beginning on such issuance.”.

1 **SEC. 210. EXAMINATIONS REGARDING COMPLIANCE.**

2 (a) AMENDMENT TO FEDERAL DEPOSIT INSURANCE  
3 ACT.—Section 10 of the Federal Deposit Insurance Act  
4 (12 U.S.C. 1820) is amended by adding at the end the  
5 following new subsection:

6 “(h) FLOOD INSURANCE COMPLIANCE BY INSURED  
7 DEPOSITORY INSTITUTIONS.—

8 “(1) EXAMINATIONS.—The appropriate Federal  
9 banking agency shall, during each scheduled on-site  
10 examination required by this section, determine  
11 whether the insured depository institution is comply-  
12 ing with the requirements of the national flood in-  
13 surance program.

14 “(2) REPORT.—

15 “(A) REQUIREMENT.—Not later than 1  
16 year after the date of enactment of the Na-  
17 tional Flood Insurance Reform Act of 1994 and  
18 biennially thereafter for the next 4 years, each  
19 appropriate Federal banking agency shall sub-  
20 mit a report to the Congress on compliance by  
21 insured depository institutions with the require-  
22 ments of the national flood insurance program.

23 “(B) CONTENTS.—The report shall include  
24 a description of the methods used to determine  
25 compliance, the number of institutions exam-  
26 ined during the reporting year, a listing and

1 total number of institutions found not to be in  
2 compliance, actions taken to correct incidents of  
3 noncompliance, and an analysis of compliance,  
4 including a discussion of any trends, patterns,  
5 and problems, and recommendations regarding  
6 reasonable actions to improve the efficiency of  
7 the examinations processes.”.

8 (b) AMENDMENT TO FEDERAL CREDIT UNION  
9 ACT.—Section 204 of the Federal Credit Union Act (12  
10 U.S.C. 1784) is amended by adding at the end the follow-  
11 ing new subsection:

12 “(e) FLOOD INSURANCE COMPLIANCE BY INSURED  
13 CREDIT UNIONS.—

14 “(1) EXAMINATION.—The Board shall, during  
15 each examination conducted under this section, de-  
16 termine whether the insured credit union is comply-  
17 ing with the requirements of the national flood in-  
18 surance program.

19 “(2) REPORT.—

20 “(A) REQUIREMENT.—Not later than 1  
21 year after the date of enactment of the Na-  
22 tional Flood Insurance Reform Act of 1994 and  
23 biennially thereafter for the next 4 years, the  
24 Board shall submit a report to Congress on  
25 compliance by insured credit unions with the re-



1           quirements of the national flood insurance pro-  
2           gram.

3           “(B) CONTENTS.—The report shall include  
4           a description of the methods used to determine  
5           compliance, the number of insured credit unions  
6           examined during the reporting year, a listing  
7           and total number of insured credit unions found  
8           not to be in compliance, actions taken to correct  
9           incidents of noncompliance, and an analysis of  
10          compliance, including a discussion of any  
11          trends, patterns, and problems, and rec-  
12          ommendations regarding reasonable actions to  
13          improve the efficiency of the examinations proc-  
14          esses.”.

15          (c) AMENDMENT TO FEDERAL HOUSING ENTER-  
16          PRISES FINANCIAL SAFETY AND SOUNDNESS ACT OF  
17          1992.—Section 1317 of the Federal Housing Enterprises  
18          Financial Safety and Soundness Act of 1992 (12 U.S.C.  
19          4517) is amended by adding at the end the following new  
20          subsection:

21          “(g) FLOOD INSURANCE COMPLIANCE BY ENTER-  
22          PRISES.—

23                 “(1) EXAMINATION.—After the submission of  
24          the report under section 210(d) of the National  
25          Flood Insurance Reform Act of 1994, the Director

1 shall, during each annual examination of an enter-  
2 prise conducted under this section, determine wheth-  
3 er the enterprise has established adequate proce-  
4 dures required under section 102(b)(4) of the Flood  
5 Disaster Protection Act of 1973 and is complying  
6 with such procedures.

7 “(2) EXCEPTION.—The provisions of paragraph  
8 (1) shall not apply with respect to an enterprise if  
9 the Director—

10 “(A) determines, pursuant to the report  
11 under section 210(d) of the National Flood In-  
12 surance Reform Act of 1994, that the enter-  
13 prise has established adequate procedures pur-  
14 suant to section 102(b)(4) of the Flood Disas-  
15 ter Protection Act of 1973 and has a pattern  
16 of compliance with such procedures; and

17 “(B) certifies such finding in writing to  
18 the Congress.

19 “(3) REPORT.—

20 “(A) REQUIREMENT.—Not later than 1  
21 year after the date of enactment of the Na-  
22 tional Flood Insurance Reform Act of 1994 and  
23 biennially thereafter for the next 4 years, the  
24 Director shall submit a report to Congress on  
25 compliance by the enterprises with the proce-

1           dures established pursuant to section 102(b)(4)  
2           of the Flood Disaster Protection Act of 1973.

3           “(B) CONTENTS.—The report shall include  
4           a description of the methods used to determine  
5           compliance, identification of any enterprise  
6           found not to be in compliance, actions taken to  
7           correct incidents of noncompliance, and an  
8           analysis of compliance, including a discussion of  
9           any trends, patterns, and problems, and rec-  
10          ommendations regarding reasonable actions to  
11          improve the efficiency of the examinations proc-  
12          esses.”.

13          (d) GAO REPORT ON GSE COMPLIANCE.—Not later  
14       than 18 months after the date of enactment of this Act,  
15       the Comptroller General of the United States shall submit  
16       a report to the Congress and the Director of the Office  
17       of Federal Housing Enterprise Oversight of the Depart-  
18       ment of Housing and Urban Development regarding the  
19       procedures established by the Federal National Mortgage  
20       Association and the Federal Home Loan Mortgage Cor-  
21       poration pursuant to section 102(b)(4) of the Flood Disas-  
22       ter Protection Act of 1973. The report shall include a de-  
23       scription of such procedures, an analysis of whether such  
24       procedures are sufficient to comply with the requirements  
25       of such section, a determination of whether each enter-

1 prise has complied with such procedures, a description of  
2 any actions taken by each enterprise to correct any inci-  
3 dents of noncompliance, and any recommendations regard-  
4 ing reasonable actions to improve the procedures estab-  
5 lished by the enterprises and compliance with such proce-  
6 dures.

7 **SEC. 211. FINANCIAL INSTITUTIONS EXAMINATION COUN-**  
8 **CIL.**

9 Section 1006 of the Federal Financial Institutions  
10 Examination Council Act of 1978 (12 U.S.C. 3305) is  
11 amended by adding at the end the following new sub-  
12 section:

13 “(g) The council shall consult and assist the Federal  
14 entities for lending regulation and the Secretary of Hous-  
15 ing and Urban Development in developing and coordinat-  
16 ing uniform standards and requirements for use by lenders  
17 as provided under the National Flood Insurance Act of  
18 1968 and the Flood Disaster Protection Act of 1973.”.

19 **SEC. 212. CLERICAL AMENDMENTS.**

20 Section 102 of the Flood Disaster Protection Act of  
21 1973 (42 U.S.C. 4012a) is amended—

22 (1) by striking the section heading and insert-  
23 ing the following new section heading:

1 “FLOOD INSURANCE PURCHASE AND COMPLIANCE  
 2 REQUIREMENTS AND ESCROW ACCOUNTS”; and  
 3 (2) in subsection (c), by inserting “EXCEPTION  
 4 TO PURCHASE REQUIREMENTS FOR STATE-OWNED  
 5 PROPERTY.—” before “Notwithstanding”.

6 **TITLE III—RATINGS AND INCEN-**  
 7 **TIVES FOR COMMUNITY**  
 8 **FLOODPLAIN MANAGEMENT**  
 9 **PROGRAMS**

10 **SEC. 301. COMMUNITY RATING SYSTEM AND INCENTIVES**  
 11 **FOR COMMUNITY FLOODPLAIN MANAGE-**  
 12 **MENT.**

13 Section 1315 of the National Flood Insurance Act of  
 14 1968 (42 U.S.C. 4022) is amended—

15 (1) by inserting after “SEC. 1315.” the follow-  
 16 ing: “(a) REQUIREMENT FOR PARTICIPATION IN  
 17 FLOOD INSURANCE PROGRAM.—”; and

18 (2) by adding at the end the following new sub-  
 19 section:

20 “(b) COMMUNITY RATING SYSTEM AND INCENTIVES  
 21 FOR COMMUNITY FLOODPLAIN MANAGEMENT.—

22 “(1) AUTHORITY AND GOALS.—The Director  
 23 shall carry out a community rating system program  
 24 to evaluate the measures adopted by areas (and sub-  
 25 divisions thereof) in which the Director has made

1 flood insurance coverage available to provide for ade-  
2 quate land use and control provisions consistent with  
3 the comprehensive criteria for such land manage-  
4 ment and use under section 1361, to facilitate accu-  
5 rate risk-rating, to promote flood insurance aware-  
6 ness, and to complement adoption of more effective  
7 measures for floodplain and erosion management.

8 “(2) INCENTIVES.—The program under this  
9 subsection shall provide incentives in the form of ad-  
10 justments in the premium rates for flood insurance  
11 coverage in areas that the Director determines have  
12 adopted and enforced the goals of the community  
13 rating system under this subsection. In providing in-  
14 centives under this paragraph, the Director may pro-  
15 vide for additional adjustments in premium rates for  
16 flood insurance coverage (A) in areas that the Direc-  
17 tor determines have implemented measures relating  
18 to the protection of natural and beneficial floodplain  
19 functions, and (B) in areas within which such pre-  
20 mium rates have increased as a result of induced  
21 flooding risk from flood control or mitigation  
22 projects, as determined by the Director, except that  
23 the adjustment shall not reduce premium rates  
24 below the rate which would have been charged ab-

1 sent the risk of induced flooding from the flood con-  
2 trol or mitigation projects.

3 “(3) FUNDS.—The Director shall carry out the  
4 program under this subsection with amounts, as the  
5 Director determines necessary, from the National  
6 Flood Insurance Fund under section 1310 and any  
7 other amounts that may be appropriated for such  
8 purpose.

9 “(4) REPORTS.—The Director shall submit a  
10 report to the Congress regarding the program under  
11 this subsection not later than the expiration of the  
12 2-year period beginning on the date of the enact-  
13 ment of the National Flood Insurance Reform Act of  
14 1994. The Director shall submit a report under this  
15 paragraph not less than every 2 years thereafter.  
16 Each report under this paragraph shall include an  
17 analysis of the cost-effectiveness and other accom-  
18 plishments and shortcomings of the program and  
19 any recommendations of the Director for legislation  
20 regarding the program.”.

21 **SEC. 302. FUNDING.**

22 Section 1310(a) of the National Flood Insurance Act  
23 of 1968 (42 U.S.C. 4017(a)) is amended—

24 (1) in paragraph (4), by striking “and” at the  
25 end;

1           (2) by redesignating paragraph (5) as para-  
2       graph (7); and

3           (3) by inserting after paragraph (4) the follow-  
4       ing new paragraph:

5           “(5) for carrying out the program under section  
6       1315(b);”.

7           **TITLE IV—MITIGATION OF**  
8           **FLOOD RISKS**

9       **SEC. 401. REPEAL OF FLOODED PROPERTY PURCHASE AND**  
10       **LOAN PROGRAM.**

11       (a) REPEAL.—Section 1362 of the National Flood In-  
12       surance Act of 1968 (42 U.S.C. 4103) is hereby repealed.

13       (b) TRANSITION PHASE.—Notwithstanding sub-  
14       section (a), during the 1-year period beginning on the date  
15       of the enactment of this Act, the Director of the Federal  
16       Emergency Management Agency may enter into loan and  
17       purchase commitments as provided under section 1362 of  
18       such Act (as in effect immediately before the enactment  
19       of this Act).

20       (c) SAVINGS PROVISION.—Notwithstanding sub-  
21       section (a), the Director shall take any action necessary  
22       to comply with any purchase or loan commitment entered  
23       into before the expiration of the period referred to in sub-  
24       section (b) pursuant to authority under section 1362 of



1 the National Flood Insurance Act of 1968 or subsection  
2 (b).

3 **SEC. 402. TERMINATION OF EROSION-THREATENED STRUC-**  
4 **TURES PROGRAM.**

5 (a) IN GENERAL.—Section 1306 of the National  
6 Flood Insurance Act of 1968 (42 U.S.C. 4013) is amended  
7 by striking subsection (c).

8 (b) TRANSITION PHASE.—Notwithstanding sub-  
9 section (a), during the 1-year period beginning on the date  
10 of the enactment of this Act, the Director of the Federal  
11 Emergency Management Agency may pay amounts under  
12 flood insurance contracts for demolition or relocation of  
13 structures as provided in section 1306(c) of the National  
14 Flood Insurance Act of 1968 (as in effect immediately be-  
15 fore the enactment of this Act).

16 (c) SAVINGS PROVISION.—Notwithstanding sub-  
17 section (a), the Director shall take any action necessary  
18 to make payments under flood insurance contracts pursu-  
19 ant to any commitments made before the expiration of the  
20 period referred to in subsection (b) pursuant to the au-  
21 thority under section 1306(c) of the National Flood Insur-  
22 ance Act of 1968 or subsection (b).

23 (d) REPEAL OF FINDINGS PROVISION.—Section  
24 1302 of the National Flood Insurance Act of 1968 (42  
25 U.S.C. 4001) is amended by striking subsection (g).

1 **SEC. 403. MITIGATION ASSISTANCE PROGRAM.**

2 (a) IN GENERAL.—Chapter III of the National Flood  
3 Insurance Act of 1968 (42 U.S.C. 4101 et seq.), as  
4 amended by the preceding provisions of this Act, is further  
5 amended by adding at the end the following new section:

6 “MITIGATION ASSISTANCE

7 “SEC. 1366. (a) AUTHORITY.—The Director shall  
8 carry out a program to provide financial assistance to  
9 States, communities, and individuals, using amounts made  
10 available from the National Flood Mitigation Fund under  
11 section 1367, for planning and carrying out activities de-  
12 signed to reduce the risk of flood damage to structures  
13 covered under contracts for flood insurance under this  
14 title. Such financial assistance shall be made available to  
15 States and communities in the form of grants under sub-  
16 section (b) for planning assistance and to States, commu-  
17 nities, and individuals in the form of grants under this  
18 section for carrying out mitigation activities.

19 “(b) PLANNING ASSISTANCE GRANTS.—

20 “(1) IN GENERAL.—The Director may make  
21 grants under this subsection to States and commu-  
22 nities to assist in developing mitigation plans under  
23 subsection (c)(1).

24 “(2) FUNDING.—Of any amounts made avail-  
25 able from the National Flood Mitigation Fund for  
26 use under this section in any fiscal year, the Direc-

1       tor may use not more than \$1,500,000 to provide  
2       planning assistance grants under this subsection.

3       “(3) LIMITATIONS.—

4               “(A) TIMING.—A grant under this sub-  
5       section may be awarded to a State or commu-  
6       nity not more than once every 5 years and each  
7       grant may cover a period of 1 to 3 years.

8               “(B) SINGLE GRANTEE AMOUNT.—A grant  
9       for planning assistance may not exceed—

10               “(i) \$150,000, to any State; or

11               “(ii) \$50,000, to any community.

12               “(C) CUMULATIVE STATE GRANT  
13       AMOUNT.—The sum of the amounts of grants  
14       made under this subsection in any fiscal year to  
15       any one State and all communities located in  
16       such State may not exceed \$300,000.

17       “(c) ELIGIBILITY FOR MITIGATION ASSISTANCE.—

18               “(1) STATES AND COMMUNITIES.—To be eligi-  
19       ble to receive financial assistance under this section  
20       for mitigation activities, a State or community shall  
21       develop, and have approved by the Director, a flood  
22       risk mitigation plan (in this section referred to as a  
23       ‘mitigation plan’), that describes the mitigation ac-  
24       tivities to be carried out with assistance provided  
25       under this section, is consistent with the criteria es-

1       tablished by the Director under section 1361, and  
2       provides protection against flood losses to structures  
3       covered by contracts for flood insurance under this  
4       title. The mitigation plan shall be consistent with a  
5       comprehensive strategy for mitigation activities for  
6       the area affected by the mitigation plan, that has  
7       been adopted by the State or community following a  
8       public hearing.

9               “(2) INDIVIDUALS.—An individual shall be eli-  
10       gible to receive financial assistance under this sec-  
11       tion only if—

12               “(A) the individual submits to the Direc-  
13       tor, and the Director approves, an application  
14       for mitigation assistance that describes the  
15       mitigation activities to be carried out with as-  
16       sistance provided under this section;

17               “(B) the assistance provided under this  
18       section is to be used for mitigation activities for  
19       a structure that has been damaged as a result  
20       of a flood event that occurred not more than 60  
21       days before the submission of the application  
22       for the assistance;

23               “(C) because of damage caused by the  
24       flood event, expenditures are necessary to bring  
25       the structure into compliance with the measures

1           adopted by the applicable State or community  
2           pursuant to section 1315 and the mitigation ac-  
3           tivities described in the application will result in  
4           such compliance; and

5           “(D) the structure was covered by a con-  
6           tract for flood insurance at the time of the flood  
7           event.

8           “(d) NOTIFICATION OF APPROVAL AND GRANT  
9           AWARD.—

10           “(1) GENERAL STATE AND COMMUNITY  
11           PLANS.—Except as provided under paragraph (2),  
12           the Director shall notify a State or community sub-  
13           mitting a mitigation plan of the approval or dis-  
14           approval of the plan not later than 120 days after  
15           submission of the plan.

16           “(2) STATE AND COMMUNITY PLANS FOR MITI-  
17           GATION ACTIVITIES TO RESPOND TO FLOOD  
18           EVENTS.—If a State or community submits a miti-  
19           gation plan not later than 15 days after the occur-  
20           rence of a flood event that proposes mitigation ac-  
21           tivities for structures damaged as a result of the  
22           flood event that are necessary to bring such struc-  
23           tures into compliance with the measures adopted by  
24           the applicable State or community pursuant to sec-  
25           tion 1315, then the Director shall notify the State

1 or community of the approval or disapproval of the  
2 plan not later than 30 days after submission of the  
3 plan.

4 “(3) INDIVIDUAL APPLICATIONS FOR MITIGA-  
5 TION ASSISTANCE TO RESPOND TO FLOOD  
6 EVENTS.—The Director shall notify an individual  
7 who submits an application for mitigation assistance  
8 under subsection (c)(2) of the approval or dis-  
9 approval of the application not later than—

10 “(A) 30 days after the submission of the  
11 application, except in cases described in sub-  
12 paragraph (B); or

13 “(B) in any case in which the structure  
14 subject to the application submitted by the indi-  
15 vidual is subject to a mitigation plan subse-  
16 quently submitted under paragraph (2) by the  
17 State or community in which the structure is  
18 located, the expiration of the 30-day period re-  
19 ferred to in paragraph (2).

20 “(4) NOTIFICATION OF DISAPPROVAL.—If the  
21 Director does not approve a mitigation plan or appli-  
22 cation submitted under this subsection, the Director  
23 shall notify, in writing, the State, community, or in-  
24 dividual submitting the plan or application of the  
25 reasons for such disapproval.

1           “(5) AVAILABILITY OF GRANT AMOUNTS.—Any  
2       financial assistance to be provided under this section  
3       to an individual pursuant to an application for miti-  
4       gation assistance submitted and approved under  
5       subsection (c)(2) shall be made available to the indi-  
6       vidual not later than 15 days after the individual is  
7       notified under paragraph (2) of this subsection of  
8       the approval of the application, unless otherwise  
9       agreed to by the Director and the individual.

10       “(e) ELIGIBLE MITIGATION ACTIVITIES.—

11           “(1) DETERMINATION.—Amounts provided  
12       under this section (other than under subsection (b))  
13       may be used only for mitigation activities specified  
14       in an application for mitigation assistance or mitiga-  
15       tion plan approved by the Director under subsection  
16       (d). The Director may approve only applications and  
17       mitigation plans that specify mitigation activities  
18       that the Director determines are technically feasible  
19       and cost-effective and only such applications and  
20       plans that propose activities that are cost-beneficial  
21       to the National Flood Mitigation Fund. The Direc-  
22       tor shall provide assistance under this section to the  
23       extent amounts are available in the National Flood  
24       Mitigation Fund pursuant to appropriation Acts,

1 subject only to the absence of approvable applica-  
2 tions and mitigation plans.

3 “(2) PRIORITY.—The Director shall make every  
4 effort to provide mitigation assistance under this  
5 section for applications and mitigation plans propos-  
6 ing activities for repetitive loss structures and struc-  
7 tures that have incurred substantial damage.

8 “(3) ELIGIBLE ACTIVITIES.—The Director shall  
9 determine whether mitigation activities described in  
10 an application for mitigation assistance or a mitiga-  
11 tion plan submitted under subsection (d) comply  
12 with the requirements under paragraph (1). Such  
13 activities may include—

14 “(A) demolition or relocation of any struc-  
15 ture located on land that is along the shore of  
16 a lake or other body of water and is certified  
17 by an appropriate State or local land use au-  
18 thority to be subject to imminent collapse or  
19 subsidence as a result of erosion or flooding;

20 “(B) elevation, relocation, demolition, or  
21 floodproofing of structures (including public  
22 structures) located in special flood hazard areas  
23 or other areas of flood risk;

24 “(C) acquisition by States and commu-  
25 nities of properties (including public properties)



1 located in special flood hazard areas or other  
2 areas of flood risk and properties substantially  
3 damaged by flood, for public use, as the Direc-  
4 tor determines is consistent with sound land  
5 management and use in such area;

6 “(D) minor physical mitigation efforts that  
7 do not duplicate the flood prevention activities  
8 of other Federal agencies and that lessen the  
9 frequency or severity of flooding and decrease  
10 predicted flood damages, which shall not in-  
11 clude major flood control projects such as dikes,  
12 levees, seawalls, groins, and jetties unless the  
13 Director specifically determines in approving a  
14 mitigation plan that such activities are the most  
15 cost-effective mitigation activities for the Na-  
16 tional Flood Mitigation Fund;

17 “(E) beach nourishment activities;

18 “(F) the provision of technical assistance  
19 by States to communities and individuals to  
20 conduct eligible mitigation activities;

21 “(G) other activities that the Director con-  
22 siders appropriate and specifies in regulation;  
23 and

24 “(H) other mitigation activities not de-  
25 scribed in subparagraphs (A) through (F) or

1 the regulations issued under subparagraph (G),  
2 that are described in the mitigation plan of a  
3 State or community or the application of an in-  
4 dividual for mitigation assistance.

5 “(f) LIMITATIONS ON AMOUNT OF ASSISTANCE.—

6 “(1) AMOUNT.—The sum of the amounts of  
7 mitigation assistance provided under this section  
8 during any 5-year period may not exceed—

9 “(A) \$10,000,000, to any State;

10 “(B) \$3,300,000, to any community; or

11 “(C) \$20,000, to any individual.

12 “(2) GEOGRAPHIC.—The sum of the amounts  
13 of mitigation assistance provided under this section  
14 during any 5-year period to any one State and all  
15 communities located in such State may not exceed  
16 \$20,000,000.

17 “(3) WAIVER.—The Director may waive the  
18 dollar amount limitations under subparagraphs (A)  
19 and (B) of paragraph (1) and paragraph (2) for any  
20 State or community for any 5-year period during  
21 which a major disaster or emergency declared by the  
22 President (pursuant to the Robert T. Stafford Dis-  
23 aster Relief and Emergency Assistance Act) as a re-  
24 sult of flood conditions is in effect with respect to  
25 areas in the State or community.

1       “(g) MATCHING REQUIREMENT.—

2               “(1) IN GENERAL.—The Director may not pro-  
3       vide mitigation assistance under this section to a  
4       State, community, or individual in an amount ex-  
5       ceeding 3 times the amount that the State, commu-  
6       nity, or individual certifies, as the Director shall re-  
7       quire, that the State, community, or individual will  
8       contribute from non-Federal funds to develop a miti-  
9       gation plan or application under subsection (c) and  
10      to carry out mitigation activities under the approved  
11      mitigation plan or application. In no case shall any  
12      in-kind contribution by any State, community, or in-  
13      dividual exceed one-half of the amount of non-Fed-  
14      eral funds contributed by the State, community, or  
15      individual.

16              “(2) NON-FEDERAL FUNDS.—For purposes of  
17      this subsection, the term ‘non-Federal funds’ in-  
18      cludes State or local agency funds, in-kind contribu-  
19      tions, any salary paid to staff to carry out the miti-  
20      gation activities of the recipient, the value of the  
21      time and services contributed by volunteers to carry  
22      out such activities (at a rate determined by the Di-  
23      rector), and the value of any donated material or  
24      building and the value of any lease on a building.

1       “(h) OVERSIGHT OF MITIGATION PLANS.—The Di-  
2       rector shall conduct oversight of recipients of mitigation  
3       assistance under this section to ensure that the assistance  
4       is used in compliance with the approved mitigation plans  
5       or applications of the recipients and that matching funds  
6       certified under subsection (g) are used in accordance with  
7       such certification.

8       “(i) RECAPTURE.—

9               “(1) NONCOMPLIANCE WITH PLAN.—If the Di-  
10       rector determines that a State, community, or indi-  
11       vidual that has received mitigation assistance under  
12       this section has not carried out the mitigation activi-  
13       ties as set forth in the mitigation plan or applica-  
14       tion, the Director shall recapture any unexpended  
15       amounts and deposit the amounts in the National  
16       Flood Mitigation Fund under section 1367.

17              “(2) FAILURE TO PROVIDE MATCHING  
18       FUNDS.—If the Director determines that a State,  
19       community, or individual that has received mitiga-  
20       tion assistance under this section has not provided  
21       matching funds in the amount certified under sub-  
22       section (g), the Director shall recapture any unex-  
23       pended amounts of mitigation assistance exceeding 3  
24       times the amount of such matching funds actually

1 provided and deposit the amounts in the National  
2 Flood Mitigation Fund under section 1367.

3 “(j) REPORTS.—Not later than 1 year after the date  
4 of enactment of the National Flood Insurance Reform Act  
5 of 1994 and biennially thereafter, the Director shall sub-  
6 mit a report to the Congress describing the status of miti-  
7 gation activities carried out with assistance provided under  
8 this section.

9 “(k) DEFINITION OF COMMUNITY.—For purposes of  
10 this section, the term ‘community’ means—

11 “(1) a political subdivision that (A) has zoning  
12 and building code jurisdiction over a particular area  
13 of special flood hazards, and (B) is participating in  
14 the national flood insurance program; or

15 “(2) a political subdivision of a State, or other  
16 authority, that is designated to develop and admin-  
17 ister a mitigation plan by political subdivisions, all  
18 of which meet the requirements of paragraph (1).”.

19 (b) REGULATIONS.—Not later than 6 months after  
20 date of enactment of this Act, the Director of the Federal  
21 Emergency Management Agency shall issue regulations to  
22 carry out section 1366 of the National Flood Insurance  
23 Act of 1968, as added by subsection (a).

1 **SEC. 404. ESTABLISHMENT OF NATIONAL FLOOD MITIGA-**  
2 **TION FUND.**

3 (a) IN GENERAL.—Chapter III of the National Flood  
4 Insurance Act of 1968 (42 U.S.C. 4101 et seq.), as  
5 amended by the preceding provisions of this Act, is further  
6 amended by adding at the end the following new section:

7 “NATIONAL FLOOD MITIGATION FUND

8 “SEC. 1367. (a) ESTABLISHMENT AND AVAILABIL-  
9 ITY.—The Director shall establish in the Treasury of the  
10 United States a fund to be known as the National Flood  
11 Mitigation Fund, which shall be credited with amounts de-  
12 scribed in subsection (b) and shall be available, to the ex-  
13 tent provided in appropriation Acts, for providing assist-  
14 ance under section 1366.

15 “(b) CREDITS.—The National Flood Mitigation Fund  
16 shall be credited with—

17 “(1) any premium surcharges assessed under  
18 section 1308(f);

19 “(2) any penalties collected under section  
20 102(f) of the Flood Disaster Protection Act of 1973;  
21 and

22 “(3) any amounts recaptured under section  
23 1366(i).

24 “(c) INVESTMENT.—If the Director determines that  
25 the amounts in the National Flood Mitigation Fund are  
26 in excess of amounts needed under subsection (a), the Di-

1 rector may invest any excess amounts the Director deter-  
2 mines advisable in interest-bearing obligations issued or  
3 guaranteed by the United States.

4 “(d) REPORT.—The Director shall submit a report  
5 to the Congress not later than the expiration of the 1-  
6 year period beginning on the date of the enactment of this  
7 Act and not less than once during each successive 2-year  
8 period thereafter. The report shall describe the status of  
9 the Fund and any activities carried out with amounts from  
10 the Fund.”.

11 (b) NATIONAL FLOOD INSURANCE FUND AS SEPA-  
12 RATE ACCOUNT.—Section 1310(a) of the National Flood  
13 Insurance Act of 1968 (42 U.S.C. 4017(a)) is amended  
14 in the matter preceding paragraph (1)—

15 (1) by striking “is authorized to” and inserting  
16 “shall”; and

17 (2) by inserting after “which shall be” the fol-  
18 lowing: “an account separate from any other ac-  
19 counts or funds available to the Director and shall  
20 be”.

21 **SEC. 405. INSURANCE PREMIUM MITIGATION SURCHARGE.**

22 Section 1308 of the National Flood Insurance Act of  
23 1968 (42 U.S.C. 4015) is amended by adding at the end  
24 the following new subsection:

1       “(f) INSURANCE PREMIUM MITIGATION SUR-  
2 CHARGE.—

3           “(1) ASSESSMENT.—Notwithstanding any other  
4 provision of this title, the Director shall assess, with  
5 respect to each contract for flood insurance coverage  
6 under this title issued or renewed after the date of  
7 the enactment of the National Flood Insurance Re-  
8 form Act of 1994, a mitigation surcharge of—

9           “(A) \$10 per policy term, for policies hav-  
10 ing a total coverage amount of \$150,000 or less  
11 that cover structures that are principal resi-  
12 dences;

13           “(B) \$20 per policy term, for policies hav-  
14 ing a total coverage amount of more than  
15 \$150,000 that cover structures that are prin-  
16 cipal residences; and

17           “(C) the amount established by the Direc-  
18 tor not to exceed \$40 per policy term, for poli-  
19 cies covering other structures.

20           “(2) DEPOSIT IN MITIGATION FUND.—Any  
21 mitigation surcharges collected shall be paid into the  
22 National Flood Mitigation Fund under section 1367.

23           “(3) EXEMPTION.—The mitigation surcharges  
24 shall not be subject to any agents’ commissions,



1 company expenses allowances, or State or local pre-  
2 mium taxes.”.

3 **SEC. 406. STUDY OF MITIGATION INSURANCE.**

4 (a) STUDY.—The Director of the Federal Emergency  
5 Management Agency shall conduct a study to determine  
6 the feasibility of providing, as part of the flood insurance  
7 policy, insurance coverage to provide for increases in the  
8 costs of repair and reconstruction of repetitively and sub-  
9 stantially flood-damaged insured buildings, in order to re-  
10 pair, reconstruct, or otherwise mitigate future hazards to  
11 those buildings to comply with local building codes and  
12 floodplain management ordinances to the greatest extent  
13 possible. In conducting the study, the Director shall seek  
14 involvement from other Federal, State, and local agencies,  
15 and representation from the insurance, construction, and  
16 floodplain management interests. Under the study the Di-  
17 rector shall—

- 18 (1) identify potential activities related to repair,  
19 reconstruction, or otherwise achieving mitigation re-  
20 quired to comply with standards under the national  
21 flood insurance program and local building codes,  
22 and evaluate the costs of such activities;
- 23 (2) evaluate how such insurance coverage could  
24 be utilized to achieve economically justified acquisi-

1       tion, relocation, or elevation of certain structures  
2       under certain circumstances;

3           (3) evaluate the cost of providing the additional  
4       coverage and investigate a full range of measures for  
5       funding such costs, including changes in coverage,  
6       rates, and deductibles;

7           (4) evaluate the effects changes identified in  
8       paragraph (3) would have on the entire policy base,  
9       the cost of flood insurance, retention of policies,  
10      marketing of policies, the number and magnitude of  
11      claims paid, and the economic soundness and value  
12      of flood-prone property, and provide detail on such  
13      effects by State and, for communities participating  
14      in the national flood insurance program, by commu-  
15      nity; and

16          (5) identify mechanisms required to identify  
17      qualifying structures, determine appropriate mitiga-  
18      tion measures, coordinate with State and local offi-  
19      cials, provide consistency with State and local plans  
20      and programs, deliver the increased insurance pay-  
21      ments, and verify appropriate actions by policy-  
22      holders.

23      (b) REPORT.—The Director shall submit to the Con-  
24      gress a report describing the study not later than the expi-  
25      ration of the 18-month period beginning on the date of

1 the enactment of this Act. The report shall include conclu-  
2 sions and recommendations of the Director in conducting  
3 the study.

4       **TITLE V—FLOOD INSURANCE**  
5                   **TASK FORCE**

6       **SEC. 501. FLOOD INSURANCE INTERAGENCY TASK FORCE.**

7           (a) ESTABLISHMENT.—There is hereby established  
8 an interagency task force to be known as the Flood Insur-  
9 ance Task Force (in this section referred to as the “Task  
10 Force”).

11          (b) MEMBERSHIP.—

12               (1) IN GENERAL.—The Task Force shall be  
13 composed of 12 members, who shall be the designees  
14 of—

15                       (A) the Federal Insurance Administrator;

16                       (B) the Federal Housing Commissioner;

17                       (C) the Secretary of Veterans Affairs;

18                       (D) the Administrator of the Farmers

19 Home Administration;

20                       (E) the Administrator of the Small Busi-  
21 ness Administration;

22                       (F) a designee of the Financial Institutions  
23 Examination Council;

1 (G) the chairman of the Board of Direc-  
2 tors of the Federal Home Loan Mortgage Cor-  
3 poration;

4 (H) the chairman of the Board of Direc-  
5 tors of the Federal National Mortgage Associa-  
6 tion;

7 (I) the Under Secretary of Commerce for  
8 Oceans and Atmosphere;

9 (J) the Director of the United States Fish  
10 and Wildlife Service;

11 (K) the Administrator of the Environ-  
12 mental Protection Agency; and

13 (L) the Secretary of the Army, acting  
14 through the Chief of Engineers.

15 (2) QUALIFICATIONS.—Members of the Task  
16 Force shall be designated for membership on the  
17 Task Force by reason of demonstrated knowledge  
18 and competence regarding the national flood insur-  
19 ance program.

20 (c) DUTIES.—The Task Force shall carry out the fol-  
21 lowing duties:

22 (1) Make recommendations to the head of each  
23 Federal agency and enterprise referred to under sub-  
24 section (b)(1) regarding establishment or adoption of  
25 standardized enforcement procedures among such

1 agencies and corporations responsible for enforcing  
2 compliance with the requirements under the national  
3 flood insurance program to ensure fullest possible  
4 compliance with such requirements.

5 (2) Conduct a study of the extent to which Fed-  
6 eral agencies and the secondary mortgage market  
7 can provide assistance in ensuring compliance with  
8 the requirements under the national flood insurance  
9 program and submit to the Congress a report de-  
10 scribing the study and any conclusions.

11 (3) Conduct a study of the extent to which ex-  
12 isting programs of Federal agencies and corpora-  
13 tions for compliance with the requirements under  
14 the national flood insurance program can serve as a  
15 model for other Federal agencies responsible for en-  
16 forcing compliance, and submit to the Congress a re-  
17 port describing the study and any conclusions.

18 (4) Develop guidelines regarding enforcement  
19 and compliance procedures, based on the studies and  
20 findings of the Task Force, and publish the guide-  
21 lines in a usable format.

22 (d) NONCOMPENSATION.—Members of the Task  
23 Force shall receive no additional pay by reason of their  
24 service on the Task Force.

1       (e) CHAIRPERSON.—The members of the Task Force  
2 shall elect one member as chairperson of the Task Force.

3       (f) MEETINGS AND ACTION.—The Task Force shall  
4 meet at the call of the chairman or a majority of the mem-  
5 bers of the Task Force and may take action by a vote  
6 of the majority of the members. The Federal Insurance  
7 Administrator shall coordinate and call the initial meeting  
8 of the Task Force.

9       (g) OFFICERS.—The chairperson of the Task Force  
10 may appoint any officers to carry out the duties of the  
11 Task Force under subsection (c).

12       (h) STAFF OF FEDERAL AGENCIES.—Upon request  
13 of the chairperson of the Task Force, the head of any of  
14 the Federal agencies and corporations referred to under  
15 subsection (b)(1) may detail, on a nonreimbursable basis,  
16 any of the personnel of such agency to the Task Force  
17 to assist the Task Force in carrying out its duties under  
18 this Act.

19       (i) POWERS.—In carrying out this section, the Task  
20 Force may hold hearings, sit and act at times and places,  
21 take testimony, receive evidence and assistance, provide  
22 information, and conduct research as the Task Force con-  
23 siders appropriate.

24       (j) SUBCOMMITTEE ON NATURAL AND BENEFICIAL  
25 FUNCTIONS OF THE FLOODPLAIN.—The members of the

1 Task Force appointed under subparagraphs (I), (J), (K),  
2 and (L) of subsection (b)(1) shall constitute a select sub-  
3 committee which, in addition to carrying out the duties  
4 under subsection (c), shall make recommendations regard-  
5 ing the implementation of the provisions of the National  
6 Flood Insurance Act of 1968 that deal with protection of  
7 the natural and beneficial functions of the floodplain.

8 (k) TERMINATION.—The Task Force shall terminate  
9 upon the expiration of the 24-month period beginning  
10 upon the designation of the last member to be designated  
11 under subsection (b)(1).

## 12 **TITLE VI—MISCELLANEOUS** 13 **PROVISIONS**

### 14 **SEC. 601. EXTENSION OF FLOOD INSURANCE PROGRAM.**

15 (a) IN GENERAL.—Section 1319 of the National  
16 Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended  
17 by striking “September 30, 1995” and inserting “Septem-  
18 ber 30, 1996”.

19 (b) EMERGENCY IMPLEMENTATION.—Section  
20 1336(a) of the National Flood Insurance Act of 1968 (42  
21 U.S.C. 4056(a)) is amended by striking “September 30,  
22 1995” and inserting “September 30, 1996”.

1 **SEC. 602. LIMITATION ON PREMIUM INCREASES.**

2 (a) PROPERTY-SPECIFIC LIMITATION.—Section 1308  
3 of the National Flood Insurance Act of 1968 (42 U.S.C.  
4 4013(b)) is amended—

5 (1) in subsection (c), by striking “Notwith-  
6 standing any other provision of this title” and in-  
7 serting “Subject only to the limitation under sub-  
8 section (e)”; and

9 (2) by inserting after subsection (d) the follow-  
10 ing new subsection:

11 “(e) ANNUAL LIMITATION ON PREMIUM IN-  
12 CREASES.—Notwithstanding any other provision of this  
13 title, the risk premium rate for flood insurance that is  
14 charged under this title for any property may not be in-  
15 creased in an amount that would result in such rate in-  
16 creases for the property during any 12-month period ex-  
17 ceeding 10 percent of the amount of the risk premium rate  
18 applicable to the property upon the commencement of such  
19 12-month period.”.

20 (b) REPEAL OF PROGRAM-WIDE LIMITATION.—Sub-  
21 section (d) of section 541 of the Housing and Community  
22 Development Act of 1987 (42 U.S.C. 4015 note) is hereby  
23 repealed.



1 **SEC. 603. MAXIMUM FLOOD INSURANCE COVERAGE**  
2 **AMOUNTS.**

3 (a) IN GENERAL.—Section 1306(b) of the National  
4 Flood Insurance Act of 1968 (42 U.S.C. 4013(b)) is  
5 amended as follows:

6 (1) RESIDENTIAL PROPERTY.—In paragraph  
7 (2), by striking “an amount of \$150,000 under the  
8 provisions of this clause” and inserting the follow-  
9 ing: “a total amount (including such limits specified  
10 in paragraph (1)(A)(i)) equal to the dollar amount  
11 limitation pursuant to section 305(a)(2) of the Fed-  
12 eral Home Loan Mortgage Corporation Act in effect  
13 for a single-family residence”.

14 (2) RESIDENTIAL PROPERTY CONTENTS.—In  
15 paragraph (3), by striking “an amount of \$50,000  
16 under the provisions of this clause” and inserting  
17 the following: “a total amount (including such limits  
18 specified in paragraph (1)(A)(ii)) of \$100,000”.

19 (3) NONRESIDENTIAL PROPERTY AND CON-  
20 TENTS.—By striking paragraph (4) and inserting  
21 the following new paragraph:

22 “(4) in the case of any nonresidential property,  
23 including churches, for which the risk premium rate  
24 is determined in accordance with the provisions of  
25 section 1307(a)(1), additional flood insurance in ex-  
26 cess of the limits specified in subparagraphs (B) and

1 (C) of paragraph (1) shall be made available to  
2 every insured upon renewal and every applicant for  
3 insurance, in respect to any single structure, up to  
4 a total amount (including such limits specified in  
5 subparagraph (B) or (C) or paragraph (1), as appli-  
6 cable) of \$500,000 for each structure and \$500,000  
7 for any contents related to each structure; and”.

8 (b) REMOVAL OF CEILING ON COVERAGE RE-  
9 QUIRED.—Section 1306(b) of the National Flood Insur-  
10 ance Act of 1968 (42 U.S.C. 4013(b)) is amended—

11 (1) in paragraph (5), by striking “; and” at the  
12 end and inserting a period; and

13 (2) by striking paragraph (6).

14 **SEC. 604. FLOOD INSURANCE PROGRAM ARRANGEMENTS**  
15 **WITH PRIVATE INSURANCE ENTITIES.**

16 Section 1345(b) of the National Flood Insurance Act  
17 of 1968 (42 U.S.C. 4081(b)) is amended by striking the  
18 period at the end and inserting the following: “and without  
19 regard to the provisions of the Federal Advisory Commit-  
20 tee Act (5 U.S.C. App.).”.

21 **SEC. 605. UPDATING OF FLOOD MAPS.**

22 Section 1360 of the National Flood Insurance Act of  
23 1968 (42 U.S.C. 4101) is amended by adding at the end  
24 the following new subsections:

1       “(e) REVIEW OF FLOOD MAPS.—Once during each  
2 5-year period (the 1st such period beginning on the date  
3 of the enactment of the National Flood Insurance Reform  
4 Act of 1994) or more often as the Director determines  
5 necessary, the Director shall assess the need to revise and  
6 update all floodplain areas and flood risk zones identified,  
7 delineated, or established under this section.

8       “(f) UPDATING FLOOD MAPS.—The Director shall  
9 revise and update any floodplain areas and flood-risk  
10 zones—

11               “(1) upon the determination of the Director,  
12 according to the assessment under subsection (e),  
13 that revision and updating are necessary for the  
14 areas and zones; or

15               “(2) upon the request from any State or local  
16 government stating that specific floodplain areas or  
17 flood-risk zones in the State or locality need revision  
18 or updating, if sufficient technical data justifying  
19 the request is submitted and the unit of government  
20 making the request agrees to provide funds in an  
21 amount equal to the amount of funds provided by  
22 the Director (or the equivalent value of data, tech-  
23 nical analysis, or other in-kind services) for the re-  
24 quested revision or update.

1       “(g) AVAILABILITY OF FLOOD MAPS.—To promote  
2 compliance with the requirements of this title, the Director  
3 shall make flood insurance rate maps and related informa-  
4 tion available free of charge to State agencies directly re-  
5 sponsible for coordinating the national flood insurance  
6 program and to appropriate representatives of commu-  
7 nities participating in the national flood insurance pro-  
8 gram, and at a reasonable cost to all other persons. Any  
9 receipts resulting from this subsection shall be deposited  
10 in the National Flood Insurance Fund, pursuant to sec-  
11 tion 1310(b)(6).

12       “(h) NOTIFICATION OF FLOOD MAP CHANGES.—The  
13 Director shall cause notice to be published in the Federal  
14 Register (or shall provide notice by another comparable  
15 method) of any change to flood insurance map panels and  
16 any change to flood insurance map panels issued in the  
17 form of a letter of map amendment or a letter of map  
18 revision. Such notice shall be published or otherwise pro-  
19 vided not later than 30 days after the map change or revi-  
20 sion becomes effective. Notice by any method other than  
21 publication in the Federal Register shall include all perti-  
22 nent information, provide for regular and frequent dis-  
23 tribution, and be at least as accessible to map users as  
24 notice in the Federal Register. All notices under this sub-

1 section shall include information on how to obtain copies  
2 of the changes or revisions.

3 “(i) COMPENDIA OF FLOOD MAP CHANGES.—Every  
4 6 months, the Director shall publish separately in their  
5 entirety within a compendium, all changes and revisions  
6 to flood insurance map panels and all letters of map  
7 amendment and letters of map revision for which notice  
8 was published in the Federal Register or otherwise pro-  
9 vided during the preceding 6 months. The Director shall  
10 make such compendia available, free of charge, to States  
11 and communities participating in the national flood insur-  
12 ance program pursuant to section 1310 and at cost to all  
13 other parties. Any receipts resulting from this subsection  
14 shall be deposited in the National Flood Insurance Fund,  
15 pursuant to section 1310(b)(6).”.

16 **SEC. 606. TECHNICAL MAPPING ADVISORY COUNCIL.**

17 (a) ESTABLISHMENT.—There is established a council  
18 to be known as the Technical Mapping Advisory Council  
19 (in this section referred to as the “Council”).

20 (b) MEMBERSHIP.—

21 (1) IN GENERAL.—The Council shall consist of  
22 the Director of the Federal Emergency Management  
23 Agency, or the Director’s designee, and 11 addi-  
24 tional members to be appointed by the Director or  
25 the designee of the Director, and shall include—

1 (A) the Under Secretary of Commerce for  
2 Oceans and Atmosphere (or his or her des-  
3 ignee);

4 (B) a member of recognized surveying and  
5 mapping professional associations and organiza-  
6 tions;

7 (C) a member of recognized professional  
8 engineering associations and organizations;

9 (D) a member of recognized professional  
10 associations or organizations representing flood  
11 hazard determination firms;

12 (E) a representative of the United States  
13 Geologic Survey;

14 (F) a representative of State geologic sur-  
15 vey programs;

16 (G) a representative of State national flood  
17 insurance coordination offices; and

18 (H) a representative of a regulated lending  
19 institution.

20 (2) QUALIFICATIONS.—Members of the Council  
21 shall be appointed based on their demonstrated  
22 knowledge and competence regarding surveying, car-  
23 tography, remote sensing, geographic information  
24 systems, or the technical aspects of preparing and  
25 using flood insurance rate maps.

1 (c) DUTIES.—The Council shall—

2 (1) make recommendations to the Director on  
3 how to improve in a cost-effective manner the accu-  
4 racy, general quality, ease of use, and distribution  
5 and dissemination of flood insurance rate maps;

6 (2) recommend to the Director mapping stand-  
7 ards and guidelines for flood insurance rate maps;  
8 and

9 (3) submit an annual report to the Director  
10 that contains—

11 (A) a description of the activities of the  
12 Council;

13 (B) an evaluation of the status and per-  
14 formance of flood insurance rate maps and  
15 mapping activities to revise and update flood in-  
16 surance rate maps, as established pursuant to  
17 the amendment made by section 605; and

18 (C) a summary of recommendations made  
19 by the Council to the Director.

20 (d) CHAIRPERSON.—The members of the Council  
21 shall elect 1 member to serve as the chairperson of the  
22 Council (in this section referred to as the “Chairperson”).

23 (e) COORDINATION.—To ensure that the Council’s  
24 recommendations are consistent to the maximum extent  
25 practicable with national digital spatial data collection and

1 management standards, the Chairperson shall consult with  
2 the Chairperson of the Federal Geographic Data Commit-  
3 tee (established pursuant to OMB Circular A-16).

4 (f) COMPENSATION.—Members of the Council shall  
5 receive no additional compensation by reason of their serv-  
6 ice on the Council.

7 (g) MEETINGS AND ACTIONS.—

8 (1) IN GENERAL.—The Council shall meet not  
9 less than twice each year at the request of the  
10 Chairperson or a majority of its members and may  
11 take action by a vote of the majority of the mem-  
12 bers.

13 (2) INITIAL MEETING.—The Director, or a per-  
14 son designated by the Director, shall request and co-  
15 ordinate the initial meeting of the Council.

16 (h) OFFICERS.—The Chairperson may appoint offi-  
17 cers to assist in carrying out the duties of the Council  
18 under subsection (c).

19 (i) STAFF OF THE FEDERAL EMERGENCY MANAGE-  
20 MENT AGENCY.—Upon the request of the Chairperson,  
21 the Director may detail, on a nonreimbursable basis, per-  
22 sonnel of the Federal Emergency Management Agency to  
23 assist the Council in carrying out its duties.

24 (j) POWERS.—In carrying out this section, the Coun-  
25 cil may hold hearings, receive evidence and assistance, pro-



1 vide information, and conduct research as it considers ap-  
2 propriate.

3 (k) TERMINATION.—The Council shall terminate 5  
4 years after the date on which all members of the Council  
5 have been appointed under subsection (b)(1).

6 **SEC. 607. EVALUATION OF EROSION HAZARDS.**

7 (a) REPORT REQUIREMENT.—The Director of the  
8 Federal Emergency Management Agency (in this section  
9 referred to as the “Director”) shall submit a report under  
10 this section to the Congress evaluating erosion hazards,  
11 determining the economic impact of erosion hazards, and  
12 assessing the costs and benefits of mapping erosion hazard  
13 areas.

14 (b) EROSION HAZARD AREAS AND NFIP COSTS.—  
15 The report required under this section shall—

16 (1) identify all communities that are likely to be  
17 identified as having erosion hazard areas;

18 (2) estimate the amount of flood insurance  
19 claims under the national flood insurance program  
20 that are attributable to erosion;

21 (3) state the amount of flood insurance claims  
22 under such program that are attributable to claims  
23 under section 1306(c) of the National Flood Insur-  
24 ance Act of 1968;

1           (4) assess the full economic impact of erosion  
2           on the National Flood Insurance Fund; and

3           (5) determine the costs and benefits of expendi-  
4           tures necessary from the National Flood Insurance  
5           Fund to complete mapping of erosion hazard areas.  
6 To identify communities under paragraph (1), the Direc-  
7 tor may map a statistically valid and representative num-  
8 ber of communities with erosion hazard areas throughout  
9 the United States, including coastal, Great Lakes, and,  
10 if technologically feasible, riverine areas. The information  
11 provided under this subsection shall take into consider-  
12 ation the efforts of State and local governments to assess,  
13 measure, and reduce erosion hazards.

14       (c) ECONOMIC IMPACT.—The report under this sec-  
15 tion shall—

16           (1) assess the economic impact of—

17                   (A) the mapping of erosion hazard areas;

18                   (B) the denial of flood insurance for struc-  
19           tures that are newly constructed in whole in  
20           communities likely to be identified as having  
21           erosion hazard areas and the establishment of  
22           actuarial rates for existing structures in such  
23           communities;

1 (C) the denial of flood insurance pursuant  
2 to existing requirements for coverage under the  
3 national flood insurance program; and

4 (D) erosion hazard management activities  
5 undertaken by State and local governments, in-  
6 cluding building restrictions, beach nourish-  
7 ment, construction of sea walls and levees, and  
8 other activities that reduce the risk of damage  
9 due to erosion; and

10 (2) address the economic impact of designating  
11 erosion hazard areas on—

12 (A) the value of residential and commercial  
13 properties in communities with erosion hazards;

14 (B) community tax revenues due to poten-  
15 tial changes in property values or commercial  
16 activity;

17 (C) employment, including the potential  
18 loss or gain of existing and new jobs in the  
19 community;

20 (D) existing businesses and future eco-  
21 nomic development; and

22 (E) the estimated cost of Federal and  
23 State disaster assistance to flood victims.

24 (d) COSTS AND BENEFITS OF MAPPING.—The report  
25 under this section shall—

1           (1) determine the costs and benefits of mapping  
2           erosion hazard areas, based upon the Director's esti-  
3           mate of the actual and prospective amount of flood  
4           insurance claims attributable to erosion, and if the  
5           Director determines that the savings to the National  
6           Flood Insurance Fund will exceed the cost of map-  
7           ping erosion hazard areas, the report shall assess  
8           whether using flood insurance premiums for costs of  
9           mapping erosion hazard areas is cost-beneficial com-  
10          pared to alternative uses of such amounts, includ-  
11          ing—

12                   (A) funding the mitigation assistance pro-  
13                   gram under section 1366 of the National Flood  
14                   Insurance Act of 1968 (as added by section 403  
15                   of this Act); and

16                   (B) funding a program that would provide  
17                   additional coverage under the national flood in-  
18                   surance program for compliance with land use  
19                   and control measures; and

20                   (C) reviewing, revising, and updating flood  
21                   insurance rate maps under subsections (e) and  
22                   (f) of section 1360 of the National Flood Insur-  
23                   ance Act of 1968 (as added by the amendment  
24                   made by section 605 of this Act);

1           (2) if the Director determines under subsection  
2           (b) that mapping of riverine areas for erosion hazard  
3           areas is technologically feasible, determine the costs  
4           and benefits of mapping erosion in riverine areas;  
5           and

6           (3) determine the costs and benefits of mapping  
7           erosion, other than those directly related to the fi-  
8           nancial condition of the National Flood Insurance  
9           Program, and the costs of not mapping erosion.

10          (e) DEFINITION.—For purposes of this section, the  
11       term “erosion hazard area” means, based on erosion rate  
12       information and other historical data available, an area  
13       where erosion or avulsion is likely to result in damage to  
14       or loss of buildings and infrastructure within a 60-year  
15       period.

16          (f) PROCEDURE.—

17               (1) PREPARATION AND SUBMISSION.—The re-  
18       port required under this section shall be prepared by  
19       a private independent entity selected by the Direc-  
20       tor. The Director shall submit the report to the Con-  
21       gress as soon as practicable, but not later than 2  
22       years after the date of the enactment of this Act.

23               (2) CONSULTATION.—In preparing the report,  
24       the private entity shall consult with—

1 (A) a statistically valid and representative  
2 number of communities likely to be identified as  
3 having erosion hazard areas;

4 (B) representatives from State coastal zone  
5 management programs approved under section  
6 306 of the Coastal Zone Management Act of  
7 1972;

8 (C) the Administrator of the National Oce-  
9 anic and Atmospheric Administration;

10 (D) the Director of the Federal Emergency  
11 Management Agency; and

12 (E) and any other persons, officials, or en-  
13 tities that the Director considers appropriate.

14 (g) AVAILABILITY OF NATIONAL FLOOD INSURANCE  
15 FUND.—Section 1310(a) of the National Flood Insurance  
16 Act of 1968 (42 U.S.C. 4017(a)) is amended—

17 (1) in the matter preceding paragraph (1), by  
18 inserting “(except as otherwise provided in this sec-  
19 tion)” after “without fiscal year limitation”; and

20 (2) by inserting after paragraph (5) (as added  
21 by the preceding provisions of this Act) the following  
22 new paragraph:

23 “(6) for costs of preparing the report under  
24 section 607 of the National Flood Insurance Reform  
25 Act of 1994, except that the fund shall be available

1 for the purpose under this paragraph in an amount  
2 not to exceed an aggregate of \$5,000,000 over the  
3 2-year period beginning on the date of the enact-  
4 ment of the National Flood Insurance Reform Act of  
5 1994; and”.

6 **SEC. 608. STUDY OF ECONOMIC EFFECTS OF CHARGING AC-**  
7 **TUARIALLY-BASED PREMIUM RATES FOR**  
8 **PRE-FIRM STRUCTURES.**

9 (a) STUDY.—The Director of the Federal Emergency  
10 Management Agency (in this section referred to as the  
11 “Director”) shall conduct a study of the economic effects  
12 that would result from increasing premium rates for flood  
13 insurance coverage made available under the national  
14 flood insurance program for pre-FIRM structures to the  
15 full actuarial risk based premium rate determined under  
16 section 1307(a)(1) of the National Flood Insurance Act  
17 of 1968 for the area in which the property is located. In  
18 conducting the study, the Director shall—

19 (1) determine each area that would be subject  
20 to such increased premium rates; and

21 (2) for each such area, determine—

22 (A) the amount by which premium rates  
23 would be increased;

24 (B) the number and types of properties af-  
25 fected and the number and types of properties

1 covered by flood insurance under this title likely  
2 to cancel such insurance if the rate increases  
3 were made;

4 (C) the effects that the increased premium  
5 rates would have on land values and property  
6 taxes; and

7 (D) any other effects that the increased  
8 premium rates would have on the economy and  
9 homeowners.

10 (b) DEFINITION OF “PRE-FIRM STRUCTURE”.—For  
11 purposes of subsection (a), the term “pre-FIRM struc-  
12 ture” means a structure that was not constructed or sub-  
13 stantially improved after the later of—

14 (1) December 31, 1974; or

15 (2) the effective date of the initial rate map  
16 published by the Director under section 1360(a)(2)  
17 of the National Flood Insurance Act of 1968 for the  
18 area in which such structure is located.

19 (c) REPORT.—The Director shall submit a report to  
20 the Congress describing and explaining the findings of the  
21 study conducted under this section. The report shall be  
22 submitted not later than 12 months after the date of the  
23 enactment of this Act.



1 **SEC. 609. EFFECTIVE DATES OF POLICIES.**

2 (a) 30-DAY DELAY.—Section 1306 of the National  
3 Flood Insurance Act of 1968 (42 U.S.C. 4013), as amend-  
4 ed by the preceding provisions of this Act, is further  
5 amended by adding at the end the following new sub-  
6 section:

7 “(c) EFFECTIVE DATE OF POLICIES.—

8 “(1) WAITING PERIOD.—Except as provided in  
9 paragraph (2), coverage under a new contract for  
10 flood insurance coverage under this title entered into  
11 after the date of the enactment of the National  
12 Flood Insurance Reform Act of 1994, and any modi-  
13 fication to coverage under an existing flood insur-  
14 ance contract made after such date, shall become ef-  
15 fective upon the expiration of the 30-day period be-  
16 ginning on the date that all obligations for such cov-  
17 erage (including completion of the application and  
18 payment of any initial premiums owed) are satisfac-  
19 torily completed.

20 “(2) EXCEPTION.—The provisions of paragraph  
21 (1) shall not apply to coverage under a flood insur-  
22 ance contract for newly constructed property and  
23 coverage for newly acquired property, that is ob-  
24 tained before or upon the completion of the con-  
25 struction or transfer of title to the property, as ap-  
26 plicable.”.

1       (b) STUDY.—The Director of the Federal Emergency  
2 Management Agency shall conduct a study to determine  
3 the appropriateness of existing requirements regarding the  
4 effective date and time of coverage under flood insurance  
5 contracts obtained through the national flood insurance  
6 program. In conducting the study, the Director shall de-  
7 termine whether any delay between the time of purchase  
8 of flood insurance coverage and the time of initial effec-  
9 tiveness of the coverage should differ for various classes  
10 of properties (based upon the type of property, location  
11 of the property, or any other factors related to the prop-  
12 erty) or for various circumstances under which such insur-  
13 ance was purchased. Not later than the expiration of the  
14 6-month period beginning on the date of the enactment  
15 of this Act, the Director shall submit to the Congress a  
16 report on the results of the study.

17 **SEC. 610. REGULATIONS.**

18       The Director of the Federal Emergency Management  
19 Agency, the Secretary of Housing and Urban Develop-  
20 ment, and any appropriate head of any Federal agency  
21 may each issue any regulations necessary to carry out the  
22 applicable provisions of this Act and the applicable amend-  
23 ments made by this Act.

1 **SEC. 611. RELATION TO STATE AND LOCAL LAWS.**

2       This Act and the amendments made by this Act may  
3 not be construed to preempt, annul, alter, amend, or ex-  
4 empt any person from compliance with any law, ordinance,  
5 or regulation of any State or local government with respect  
6 to land use, management, or control.

Passed the House of Representatives May 3, 1994.

Attest:

*Clerk.*

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HR 3191 EH—5

HR 3191 EH—6