

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 2901  
OFFERED BY M . \_\_\_\_\_**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Flood Insurance Mar-  
3 ket Parity and Modernization Act”.

**4 SEC. 2. PRIVATE FLOOD INSURANCE.**

5 (a) MANDATORY PURCHASE REQUIREMENT.—

6 (1) AMOUNT AND TERM OF COVERAGE.—Sec-  
7 tion 102 of the Flood Disaster Protection Act of  
8 1973 (42 U.S.C. 4012a) is amended by striking  
9 “Sec. 102. (a)” and all that follows through the end  
10 of subsection (a) and inserting the following:

11 “SEC. 102. (a) AMOUNT AND TERM OF COVERAGE.—  
12 After the expiration of sixty days following the date of en-  
13 actment of this Act, no Federal officer or agency shall ap-  
14 prove any financial assistance for acquisition or construc-  
15 tion purposes for use in any area that has been identified  
16 by the Administrator as an area having special flood haz-  
17 ards and in which the sale of flood insurance has been  
18 made available under the National Flood Insurance Act

1 of 1968, unless the building or mobile home and any per-  
2 sonal property to which such financial assistance relates  
3 is covered by flood insurance: *Provided*, That the amount  
4 of flood insurance (1) in the case of Federal flood insur-  
5 ance, is at least equal to the development or project cost  
6 of the building, mobile home, or personal property (less  
7 estimated land cost), the outstanding principal balance of  
8 the loan, or the maximum limit of Federal flood insurance  
9 coverage made available with respect to the particular type  
10 of property, whichever is less; or (2) in the case of private  
11 flood insurance, is at least equal to the development or  
12 project cost of the building, mobile home, or personal  
13 property (less estimated land cost), the outstanding prin-  
14 cipal balance of the loan, or the maximum limit of Federal  
15 flood insurance coverage made available with respect to  
16 the particular type of property, whichever is less: *Provided*  
17 *further*, That if the financial assistance provided is in the  
18 form of a loan or an insurance or guaranty of a loan, the  
19 amount of flood insurance required need not exceed the  
20 outstanding principal balance of the loan and need not be  
21 required beyond the term of the loan. The requirement  
22 of maintaining flood insurance shall apply during the life  
23 of the property, regardless of transfer of ownership of such  
24 property.”.

1           (2) REQUIREMENT FOR MORTGAGE LOANS.—  
2           Subsection (b) of section 102 of the Flood Disaster  
3           Protection Act of 1973 (42 U.S.C. 4012a(b)) is  
4           amended—

5                   (A) by striking the subsection designation  
6                   and all that follows through the end of para-  
7                   graph (5) and inserting the following:

8           “(b) REQUIREMENT FOR MORTGAGE LOANS.—

9                   “(1) REGULATED LENDING INSTITUTIONS.—  
10           Each Federal entity for lending regulation (after  
11           consultation and coordination with the Financial In-  
12           stitutions Examination Council established under the  
13           Federal Financial Institutions Examination Council  
14           Act of 1974) shall by regulation direct regulated  
15           lending institutions not to make, increase, extend, or  
16           renew any loan secured by improved real estate or  
17           a mobile home located or to be located in an area  
18           that has been identified by the Administrator as an  
19           area having special flood hazards and in which flood  
20           insurance has been made available under the Na-  
21           tional Flood Insurance Act of 1968, unless the  
22           building or mobile home and any personal property  
23           securing such loan is covered for the term of the  
24           loan by flood insurance: *Provided*, That the amount  
25           of flood insurance (A) in the case of Federal flood

1 insurance, is at least equal to the outstanding prin-  
2 cipal balance of the loan or the maximum limit of  
3 Federal flood insurance coverage made available  
4 with respect to the particular type of property,  
5 whichever is less; or (B) in the case of private flood  
6 insurance, is at least equal to the outstanding prin-  
7 cipal balance of the loan or the maximum limit of  
8 Federal flood insurance coverage made available  
9 with respect to the particular type of property,  
10 whichever is less.

11 “(2) FEDERAL AGENCY LENDERS.—

12 “(A) IN GENERAL.—A Federal agency  
13 lender may not make, increase, extend, or  
14 renew any loan secured by improved real estate  
15 or a mobile home located or to be located in an  
16 area that has been identified by the Adminis-  
17 trator as an area having special flood hazards  
18 and in which flood insurance has been made  
19 available under the National Flood Insurance  
20 Act of 1968, unless the building or mobile home  
21 and any personal property securing such loan is  
22 covered for the term of the loan by flood insur-  
23 ance in accordance with paragraph (1). Each  
24 Federal agency lender may issue any regula-  
25 tions necessary to carry out this paragraph.

1           Such regulations shall be consistent with and  
2           substantially identical to the regulations issued  
3           under paragraph (1).

4                   “(B) REQUIREMENT TO ACCEPT FLOOD IN-  
5           SURANCE.—Each Federal agency lender shall  
6           accept flood insurance as satisfaction of the  
7           flood insurance coverage requirement under  
8           subparagraph (A) if the flood insurance cov-  
9           erage meets the requirements for coverage  
10          under that subparagraph.

11                   “(3) GOVERNMENT-SPONSORED ENTERPRISES  
12          FOR HOUSING.—The Federal National Mortgage As-  
13          sociation and the Federal Home Loan Mortgage  
14          Corporation shall implement procedures reasonably  
15          designed to ensure that, for any loan that is—

16                   “(A) secured by improved real estate or a  
17          mobile home located in an area that has been  
18          identified, at the time of the origination of the  
19          loan or at any time during the term of the loan,  
20          by the Administrator as an area having special  
21          flood hazards and in which flood insurance is  
22          available under the National Flood Insurance  
23          Act of 1968, and

24                   “(B) purchased or guaranteed by such en-  
25          tity,

1 the building or mobile home and any personal prop-  
2 erty securing the loan is covered for the term of the  
3 loan by flood insurance in the amount provided in  
4 paragraph (1). The Federal National Mortgage As-  
5 sociation and the Federal Home Loan Mortgage  
6 Corporation shall accept flood insurance as satisfac-  
7 tion of the flood insurance coverage requirement  
8 under paragraph (1) if the flood insurance coverage  
9 provided meets the requirements for coverage under  
10 that paragraph and any requirements established by  
11 the Federal National Mortgage Association or the  
12 Federal Home Loan Corporation, respectively, relat-  
13 ing to the financial strength of private insurance  
14 companies from which the Federal National Mort-  
15 gage Association or the Federal Home Loan Mort-  
16 gage Corporation will accept private flood insurance,  
17 provided that such requirements shall not affect or  
18 conflict with any State law, regulation, or procedure  
19 concerning the regulation of the business of insur-  
20 ance.

21 “(4) APPLICABILITY.—

22 “(A) EXISTING COVERAGE.—Except as  
23 provided in subparagraph (B), paragraph (1)  
24 shall apply on the date of enactment of the Rie-

1           gle Community Development and Regulatory  
2           Improvement Act of 1994.

3           “(B) NEW COVERAGE.—Paragraphs (2)  
4           and (3) shall apply only with respect to any  
5           loan made, increased, extended, or renewed  
6           after the expiration of the 1-year period begin-  
7           ning on the date of enactment of the Riegle  
8           Community Development and Regulatory Im-  
9           provement Act of 1994. Paragraph (1) shall  
10          apply with respect to any loan made, increased,  
11          extended, or renewed by any lender supervised  
12          by the Farm Credit Administration only after  
13          the expiration of the period under this subpara-  
14          graph.

15          “(C) CONTINUED EFFECT OF REGULA-  
16          TIONS.—Notwithstanding any other provision of  
17          this subsection, the regulations to carry out  
18          paragraph (1), as in effect immediately before  
19          the date of enactment of the Riegle Community  
20          Development and Regulatory Improvement Act  
21          of 1994, shall continue to apply until the regu-  
22          lations issued to carry out paragraph (1) as  
23          amended by section 522(a) of such Act take ef-  
24          fect.

1           “(5) RULE OF CONSTRUCTION.—Except as oth-  
2           erwise specified, any reference to flood insurance in  
3           this section shall be considered to include Federal  
4           flood insurance and private flood insurance. Nothing  
5           in this subsection shall be construed to supersede or  
6           limit the authority of a Federal entity for lending  
7           regulation, the Federal Housing Finance Agency, a  
8           Federal agency lender, the Federal National Mort-  
9           gage Association, or the Federal Home Loan Mort-  
10          gage Corporation to establish requirements relating  
11          to the financial strength of private insurance compa-  
12          nies from which the entity or agency will accept pri-  
13          vate flood insurance, provided that such require-  
14          ments shall not affect or conflict with any State law,  
15          regulation, or procedure concerning the regulation of  
16          the business of insurance.”; and

17                       (B) by striking paragraph (7) and insert-  
18                       ing the following new paragraph:

19           “(7) DEFINITIONS.—In this section:

20                       “(A) FLOOD INSURANCE.—The term ‘flood  
21                       insurance’ means—

22                               “(i) Federal flood insurance; and

23                               “(ii) private flood insurance.

24                       “(B) FEDERAL FLOOD INSURANCE.—the  
25                       term ‘Federal flood insurance’ means an insur-

1           ance policy made available under the National  
2           Flood Insurance Act of 1968 (42 U.S.C. 4001  
3           et seq.).

4           “(C) PRIVATE FLOOD INSURANCE.—The  
5           term ‘private flood insurance’ means an insur-  
6           ance policy that—

7                   “(i) is issued by an insurance com-  
8                   pany that is—

9                           “(I) licensed, admitted, or other-  
10                           wise approved to engage in the busi-  
11                           ness of insurance in the State in  
12                           which the insured building is located,  
13                           by the insurance regulator of that  
14                           State; or

15                           “(II) eligible as a nonadmitted  
16                           insurer to provide insurance in the  
17                           home State of the insured, in accord-  
18                           ance with sections 521 through 527 of  
19                           the Dodd-Frank Wall Street Reform  
20                           and Consumer Protection Act (15  
21                           U.S.C. 8201 through 8206);

22                           “(ii) is issued by an insurance com-  
23                           pany that is not otherwise disapproved as  
24                           a surplus lines insurer by the insurance

1 regulator of the State in which the prop-  
2 erty to be insured is located; and

3 “(iii) provides flood insurance cov-  
4 erage that complies with the laws and reg-  
5 ulations of that State.

6 “(D) STATE.—The term ‘State’ means any  
7 State of the United States, the District of Co-  
8 lumbia, the Commonwealth of Puerto Rico,  
9 Guam, the Northern Mariana Islands, the Vir-  
10 gin Islands, and American Samoa.”.

11 (b) EFFECT OF PRIVATE FLOOD INSURANCE COV-  
12 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—  
13 Section 1308 of the National Flood Insurance Act of 1968  
14 (42 U.S.C. 4015) is amended by adding at the end the  
15 following:

16 “(n) EFFECT OF PRIVATE FLOOD INSURANCE COV-  
17 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—  
18 For purposes of applying any statutory, regulatory, or ad-  
19 ministrative continuous coverage requirement, including  
20 under section 1307(g)(1), the Administrator shall consider  
21 any period during which a property was continuously cov-  
22 ered by private flood insurance (as defined in section  
23 102(b)(7) of the Flood Disaster Protection Act of 1973

1 (42 U.S.C. 4012a(b)(7)) to be a period of continuous cov-  
2 erage.”.

