

## [Committee Print]

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### [Budget reconciliation legislative recommendations of the Committee on Financial Services]

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## 1 TITLE III—FINANCIAL SERVICES

### 2 SEC. 301. TABLE OF CONTENTS.

3 The table of contents for this title is as follows:

#### TITLE III—FINANCIAL SERVICES

Sec. 301. Table of contents.

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##### Subtitle B—Home Affordable Modification Program

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1           (1) DODD-FRANK WALL STREET REFORM AND  
2 CONSUMER PROTECTION ACT.—The Dodd-Frank  
3 Wall Street Reform and Consumer Protection Act is  
4 amended—

5           (A) in the table of contents for such Act,  
6 by striking all items relating to title II;

7           (B) in section 151, by amending paragraph  
8 (2) to read as follows:

9           “(2) the term ‘financial company’ means—

10           “(A) any company that is incorporated or  
11 organized under any provision of Federal law or  
12 the laws of any State;

13           “(B) any company that is—

14           “(i) a bank holding company, as de-  
15 fined in section 2(a) of the Bank Holding  
16 Company Act of 1956 (12 U.S.C.  
17 1841(a));

18           “(ii) a nonbank financial company su-  
19 pervised by the Board of Governors;

20           “(iii) any company that is predomi-  
21 nantly engaged in activities that the Board  
22 of Governors has determined are financial  
23 in nature or incidental thereto for purposes  
24 of section 4(k) of the Bank Holding Com-  
25 pany Act of 1956 (12 U.S.C. 1843(k))

1 other than a company described in clause  
2 (i) or (ii); or

3 “(iv) any subsidiary of any company  
4 described in any of clauses (i) through (iii)  
5 that is predominantly engaged in activities  
6 that the Board of Governors has deter-  
7 mined are financial in nature or incidental  
8 thereto for purposes of section 4(k) of the  
9 Bank Holding Company Act of 1956 (12  
10 U.S.C. 1843(k)) (other than a subsidiary  
11 that is an insured depository institution or  
12 an insurance company);

13 “(C) any company that is not a Farm  
14 Credit System institution chartered under and  
15 subject to the provisions of the Farm Credit  
16 Act of 1971, as amended (12 U.S.C. 2001 et  
17 seq.), a governmental entity, or a regulated en-  
18 tity, as defined under section 1303(20) of the  
19 Federal Housing Enterprises Financial Safety  
20 and Soundness Act of 1992 (12 U.S.C.  
21 4502(20)); and

22 “(D) includes an insured depository insti-  
23 tution and an insurance company;”;

24 (C) in section 165(d)(6), by striking “, a  
25 receiver appointed under title II,”;

1 (D) in section 716(g), by striking “or a  
2 covered financial company under title II”;

3 (E) in section 1105(e)(5), by striking  
4 “amount of any securities issued under that  
5 chapter 31 for such purpose shall be treated in  
6 the same manner as securities issued under sec-  
7 tion 208(n)(5)(E)” and inserting “issuances of  
8 such securities under that chapter 31 for such  
9 purpose shall by treated as public debt trans-  
10 actions of the United States, and the proceeds  
11 from the sale of any obligations acquired by the  
12 Secretary under this paragraph shall be depos-  
13 ited into the Treasury of the United States as  
14 miscellaneous receipts”; and

15 (F) in section 1106(c)(2), by amending  
16 subparagraph (A) to read as follows:

17 “(A) require the company to file a petition  
18 for bankruptcy under section 301 of title 11,  
19 United States Code; or”.

20 (2) FEDERAL DEPOSIT INSURANCE ACT.—Sec-  
21 tion 10(b)(3) of the Federal Deposit Insurance Act  
22 (12 U.S.C. 1820(b)(3)) is amended by striking “, or  
23 of such nonbank financial company supervised by  
24 the Board of Governors or bank holding company  
25 described in section 165(a) of the Financial Stability

1 Act of 2010, for the purpose of implementing its au-  
2 thority to provide for orderly liquidation of any such  
3 company under title II of that Act”.

4 (3) FEDERAL RESERVE ACT.—Section 13(3) of  
5 the Federal Reserve Act is amended—

6 (A) in subparagraph (B)—

7 (i) in clause (ii), by striking “, resolu-  
8 tion under title II of the Dodd-Frank Wall  
9 Street Reform and Consumer Protection  
10 Act, or” and inserting “or is subject to  
11 resolution under”; and

12 (ii) in clause (iii), by striking “, reso-  
13 lution under title II of the Dodd-Frank  
14 Wall Street Reform and Consumer Protec-  
15 tion Act, or” and inserting “or resolution  
16 under”; and

17 (B) by striking subparagraph (E).

18 **Subtitle B—Home Affordable**  
19 **Modification Program**

20 **SEC. 321. SHORT TITLE.**

21 This subtitle may be cited as the “The HAMP Termi-  
22 nation Act of 2012”.

23 **SEC. 322. CONGRESSIONAL FINDINGS.**

24 The Congress finds the following:

1           (1) According to the Department of the Treas-  
2           ury—

3                   (A) the Home Affordable Modification Pro-  
4                   gram (HAMP) is designed to “help as many as  
5                   3 to 4 million financially struggling homeowners  
6                   avoid foreclosure by modifying loans to a level  
7                   that is affordable for borrowers now and sus-  
8                   tainable over the long term”; and

9                   (B) as of February 2012, only 782,609 ac-  
10                  tive permanent mortgage modifications were  
11                  made under HAMP.

12           (2) Many homeowners whose HAMP modifica-  
13           tions were canceled suffered because they made fu-  
14           tile payments and some of those homeowners were  
15           even forced into foreclosure.

16           (3) The Special Inspector General for TARP  
17           reported that HAMP “benefits only a small portion  
18           of distressed homeowners, offers others little more  
19           than false hope, and in certain cases causes more  
20           harm than good”.

21           (4) Approximately \$30 billion was obligated by  
22           the Department of the Treasury to HAMP, however,  
23           approximately only \$2.54 billion has been disbursed.

1           (5) Terminating HAMP would save American  
2           taxpayers approximately \$2.84 billion, according to  
3           the Congressional Budget Office.

4   **SEC. 323. TERMINATION OF AUTHORITY.**

5           Section 120 of the Emergency Economic Stabilization  
6   Act of 2008 (12 U.S.C. 5230) is amended by adding at  
7   the end the following new subsection:

8           “(c) TERMINATION OF AUTHORITY TO PROVIDE  
9   NEW ASSISTANCE UNDER THE HOME AFFORDABLE  
10   MODIFICATION PROGRAM.—

11           “(1) IN GENERAL.—Except as provided under  
12   paragraph (2), after the date of the enactment of  
13   this subsection the Secretary may not provide any  
14   assistance under the Home Affordable Modification  
15   Program under the Making Home Affordable initia-  
16   tive of the Secretary, authorized under this Act, on  
17   behalf of any homeowner.

18           “(2) PROTECTION OF EXISTING OBLIGATIONS  
19   ON BEHALF OF HOMEOWNERS ALREADY EXTENDED  
20   AN OFFER TO PARTICIPATE IN THE PROGRAM.—  
21   Paragraph (1) shall not apply with respect to assist-  
22   ance provided on behalf of a homeowner who, before  
23   the date of the enactment of this subsection, was ex-  
24   tended an offer to participate in the Home Afford-



1       able Modification Program on a trial or permanent  
2       basis.

3               “(3) DEFICIT REDUCTION.—

4                       “(A) USE OF UNOBLIGATED FUNDS.—Not-  
5       withstanding any other provision of this title,  
6       the amounts described in subparagraph (B)  
7       shall not be available after the date of the en-  
8       actment of this subsection for obligation or ex-  
9       penditure under the Home Affordable Modifica-  
10      tion Program of the Secretary, but should be  
11      covered into the General Fund of the Treasury  
12      and should be used only for reducing the budg-  
13      et deficit of the Federal Government.

14                      “(B) IDENTIFICATION OF UNOBLIGATED  
15      FUNDS.—The amounts described in this sub-  
16      paragraph are any amounts made available  
17      under title I of the Emergency Economic Sta-  
18      bilization Act of 2008 that—

19                               “(i) have been allocated for use, but  
20                               not yet obligated as of the date of the en-  
21                               actment of this subsection, under the  
22                               Home Affordable Modification Program of  
23                               the Secretary; and

24                               “(ii) are not necessary for providing  
25                               assistance under such Program on behalf

1 of homeowners who, pursuant to para-  
2 graph (2), may be provided assistance  
3 after the date of the enactment of this sub-  
4 section.

5 “(4) STUDY OF USE OF PROGRAM BY MEMBERS  
6 OF THE ARMED FORCES, VETERANS, AND GOLD  
7 STAR RECIPIENTS.—

8 “(A) STUDY.—The Secretary shall conduct  
9 a study to determine the extent of usage of the  
10 Home Affordable Modification Program by, and  
11 the impact of such Program on, covered home-  
12 owners.

13 “(B) REPORT.—Not later than the expira-  
14 tion of the 90-day period beginning on the date  
15 of the enactment of this subsection, the Sec-  
16 retary shall submit to the Congress a report  
17 setting forth the results of the study under sub-  
18 paragraph (A) and identifying best practices,  
19 derived from studying the Home Affordable  
20 Modification Program, that could be applied to  
21 existing mortgage assistance programs available  
22 to covered homeowners.

23 “(C) COVERED HOMEOWNER.—For pur-  
24 poses of this subsection, the term ‘covered  
25 homeowner’ means a homeowner who is—

1           “(i) a member of the Armed Forces of  
2           the United States on active duty or the  
3           spouse or parent of such a member;

4           “(ii) a veteran, as such term is de-  
5           fined in section 101 of title 38, United  
6           States Code; or

7           “(iii) eligible to receive a Gold Star  
8           lapel pin under section 1126 of title 10,  
9           United States Code, as a widow, parent, or  
10          next of kin of a member of the Armed  
11          Forces person who died in a manner de-  
12          scribed in subsection (a) of such section.

13           “(5) PUBLICATION OF MEMBER AVAILABILITY  
14          FOR ASSISTANCE.—Not later than 5 days after the  
15          date of the enactment of this subsection, the Sec-  
16          retary of the Treasury shall publish to its Website  
17          on the World Wide Web in a prominent location,  
18          large point font, and boldface type the following  
19          statement: ‘The Home Affordable Modification Pro-  
20          gram (HAMP) has been terminated. If you are hav-  
21          ing trouble paying your mortgage and need help con-  
22          tacting your lender or servicer for purposes of nego-  
23          tiating or acquiring a loan modification, please con-  
24          tact your Member of Congress to assist you in con-

1       tacting your lender or servicer for the purpose of ne-  
2       gotiating or acquiring a loan modification.’.

3               “(6) NOTIFICATION TO HAMP APPLICANTS RE-  
4       QUIRED.—

5               “(A) IN GENERAL.—Not later than 30  
6       days after the date of the enactment of this  
7       subsection, the Secretary of the Treasury shall  
8       inform each individual who applied for the  
9       Home Affordable Modification Program and  
10      will not be considered for a modification under  
11      such Program due to termination of such Pro-  
12      gram under this subsection—

13              “(i) that such Program has been ter-  
14      minated;

15              “(ii) that loan modifications under  
16      such Program are no longer available;

17              “(iii) of the name and contact infor-  
18      mation of such individual’s Member of  
19      Congress; and

20              “(iv) that the individual should con-  
21      tact his or her Member of Congress to as-  
22      sist the individual in contacting the indi-  
23      vidual’s lender or servicer for the purpose  
24      of negotiating or acquiring a loan modi-  
25      fication.”.

1 **SEC. 324. SENSE OF CONGRESS.**

2 The Congress encourages banks to work with home-  
3 owners to provide loan modifications to those that are eli-  
4 gible. The Congress also encourages banks to work and  
5 assist homeowners and prospective homeowners with fore-  
6 closure prevention programs and information on loan  
7 modifications.

8 **Subtitle C—Bureau of Consumer**  
9 **Financial Protection**

10 **SEC. 331. BRINGING THE BUREAU OF CONSUMER FINAN-**  
11 **CIAL PROTECTION INTO THE REGULAR AP-**  
12 **PROPRIATIONS PROCESS.**

13 Section 1017 of the Consumer Financial Protection  
14 Act of 2010 is amended—

15 (1) in subsection (a)—

16 (A) by amending the heading of such sub-  
17 section to read as follows: “BUDGET, FINAN-  
18 CIAL MANAGEMENT, AND AUDIT.—”;

19 (B) by striking paragraphs (1), (2), and  
20 (3);

21 (C) by redesignating paragraphs (4) and  
22 (5) as paragraphs (1) and (2), respectively; and

23 (D) by striking subparagraphs (E) and (F)  
24 of paragraph (1), as so redesignated;

25 (2) by striking subsections (b), (c), and (d);

1 (3) by redesignating subsection (e) as sub-  
2 section (b); and

3 (4) in subsection (b), as so redesignated—

4 (A) by striking paragraphs (1), (2), and  
5 (3) and inserting the following:

6 “(1) AUTHORIZATION OF APPROPRIATIONS.—

7 There is authorized to be appropriated  
8 \$200,000,000 to carry out this title for each of fiscal  
9 years 2012 and 2013.”; and

10 (B) by redesignating paragraph (4) as  
11 paragraph (2).

## 12 **Subtitle D—Flood Insurance** 13 **Reform**

### 14 **SEC. 341. SHORT TITLE.**

15 This subtitle may be cited as the “Flood Insurance  
16 Reform Act of 2012”.

### 17 **SEC. 342. EXTENSIONS.**

18 (a) EXTENSION OF PROGRAM.—Section 1319 of the  
19 National Flood Insurance Act of 1968 (42 U.S.C. 4026)  
20 is amended by striking “September 30, 2011” and insert-  
21 ing “September 30, 2016”.

22 (b) EXTENSION OF FINANCING.—Section 1309(a) of  
23 such Act (42 U.S.C. 4016(a)) is amended by striking  
24 “September 30, 2011” and inserting “September 30,  
25 2016”.

1 **SEC. 343. MANDATORY PURCHASE.**

2 (a) AUTHORITY TO TEMPORARILY SUSPEND MANDA-  
3 TORY PURCHASE REQUIREMENT.—

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

8 “(i) AUTHORITY TO TEMPORARILY SUSPEND MAN-  
9 DATORY PURCHASE REQUIREMENT.—

10 “(1) FINDING BY ADMINISTRATOR THAT AREA  
11 IS AN ELIGIBLE AREA.—For any area, upon a re-  
12 quest submitted to the Administrator by a local gov-  
13 ernment authority having jurisdiction over any por-  
14 tion of the area, the Administrator shall make a  
15 finding of whether the area is an eligible area under  
16 paragraph (3). If the Administrator finds that such  
17 area is an eligible area, the Administrator shall, in  
18 the discretion of the Administrator, designate a pe-  
19 riod during which such finding shall be effective,  
20 which shall not be longer in duration than 12  
21 months.

22 “(2) SUSPENSION OF MANDATORY PURCHASE  
23 REQUIREMENT.—If the Administrator makes a find-  
24 ing under paragraph (1) that an area is an eligible  
25 area under paragraph (3), during the period speci-  
26 fied in the finding, the designation of such eligible

1 area as an area having special flood hazards shall  
2 not be effective for purposes of subsections (a), (b),  
3 and (e) of this section, and section 202(a) of this  
4 Act. Nothing in this paragraph may be construed to  
5 prevent any lender, servicer, regulated lending insti-  
6 tution, Federal agency lender, the Federal National  
7 Mortgage Association, or the Federal Home Loan  
8 Mortgage Corporation, at the discretion of such enti-  
9 ty, from requiring the purchase of flood insurance  
10 coverage in connection with the making, increasing,  
11 extending, or renewing of a loan secured by im-  
12 proved real estate or a mobile home located or to be  
13 located in such eligible area during such period or  
14 a lender or servicer from purchasing coverage on be-  
15 half of a borrower pursuant to subsection (e).

16 “(3) ELIGIBLE AREAS.—An eligible area under  
17 this paragraph is an area that is designated or will,  
18 pursuant to any issuance, revision, updating, or  
19 other change in flood insurance maps that takes ef-  
20 fect on or after the date of the enactment of the  
21 Flood Insurance Reform Act of 2012, become des-  
22 ignated as an area having special flood hazards and  
23 that meets any one of the following 3 requirements:

24 “(A) AREAS WITH NO HISTORY OF SPE-  
25 CIAL FLOOD HAZARDS.—The area does not in-



1           clude any area that has ever previously been  
2           designated as an area having special flood haz-  
3           ards.

4           “(B) AREAS WITH FLOOD PROTECTION  
5           SYSTEMS UNDER IMPROVEMENTS.—The area  
6           was intended to be protected by a flood protec-  
7           tion system—

8                   “(i) that has been decertified, or is re-  
9                   quired to be certified, as providing protec-  
10                  tion for the 100-year frequency flood  
11                  standard;

12                   “(ii) that is being improved, con-  
13                  structed, or reconstructed; and

14                   “(iii) for which the Administrator has  
15                  determined measurable progress toward  
16                  completion of such improvement, construc-  
17                  tion, reconstruction is being made and to-  
18                  ward securing financial commitments suffi-  
19                  cient to fund such completion.

20           “(C) AREAS FOR WHICH APPEAL HAS  
21           BEEN FILED.—An area for which a community  
22           has appealed designation of the area as having  
23           special flood hazards in a timely manner under  
24           section 1363.

1           “(4) EXTENSION OF DELAY.—Upon a request  
2           submitted by a local government authority having  
3           jurisdiction over any portion of the eligible area, the  
4           Administrator may extend the period during which a  
5           finding under paragraph (1) shall be effective, ex-  
6           cept that—

7                   “(A) each such extension under this para-  
8                   graph shall not be for a period exceeding 12  
9                   months; and

10                   “(B) for any area, the cumulative number  
11                   of such extensions may not exceed 2.

12           “(5) ADDITIONAL EXTENSION FOR COMMU-  
13           NITIES MAKING MORE THAN ADEQUATE PROGRESS  
14           ON FLOOD PROTECTION SYSTEM.—

15                   “(A) EXTENSION.—

16                           “(i) AUTHORITY.—Except as provided  
17                           in subparagraph (B), in the case of an eli-  
18                           gible area for which the Administrator has,  
19                           pursuant to paragraph (4), extended the  
20                           period of effectiveness of the finding under  
21                           paragraph (1) for the area, upon a request  
22                           submitted by a local government authority  
23                           having jurisdiction over any portion of the  
24                           eligible area, if the Administrator finds  
25                           that more than adequate progress has been

1 made on the construction of a flood protec-  
2 tion system for such area, as determined in  
3 accordance with the last sentence of sec-  
4 tion 1307(e) of the National Flood Insur-  
5 ance Act of 1968 (42 U.S.C. 4014(e)), the  
6 Administrator may, in the discretion of the  
7 Administrator, further extend the period  
8 during which the finding under paragraph  
9 (1) shall be effective for such area for an  
10 additional 12 months.

11 “(ii) LIMIT.— For any eligible area,  
12 the cumulative number of extensions under  
13 this subparagraph may not exceed 2.

14 “(B) EXCLUSION FOR NEW MORTGAGES.—

15 “(i) EXCLUSION.—Any extension  
16 under subparagraph (A) of this paragraph  
17 of a finding under paragraph (1) shall not  
18 be effective with respect to any excluded  
19 property after the origination, increase, ex-  
20 tension, or renewal of the loan referred to  
21 in clause (ii)(II) for the property.

22 “(ii) EXCLUDED PROPERTIES.—For  
23 purposes of this subparagraph, the term  
24 ‘excluded property’ means any improved  
25 real estate or mobile home—

1                   “(I) that is located in an eligible  
2                   area; and

3                   “(II) for which, during the period  
4                   that any extension under subpara-  
5                   graph (A) of this paragraph of a find-  
6                   ing under paragraph (1) is otherwise  
7                   in effect for the eligible area in which  
8                   such property is located—

9                   “(aa) a loan that is secured  
10                   by the property is originated; or

11                   “(bb) any existing loan that  
12                   is secured by the property is in-  
13                   creased, extended, or renewed.

14                   “(6) RULE OF CONSTRUCTION.—Nothing in  
15                   this subsection may be construed to affect the appli-  
16                   cability of a designation of any area as an area hav-  
17                   ing special flood hazards for purposes of the avail-  
18                   ability of flood insurance coverage, criteria for land  
19                   management and use, notification of flood hazards,  
20                   eligibility for mitigation assistance, or any other pur-  
21                   pose or provision not specifically referred to in para-  
22                   graph (2).

23                   “(7) REPORTS.—The Administrator shall, in  
24                   each annual report submitted pursuant to section  
25                   1320, include information identifying each finding

1 under paragraph (1) by the Administrator during  
2 the preceding year that an area is an area having  
3 special flood hazards, the basis for each such find-  
4 ing, any extensions pursuant to paragraph (4) of the  
5 periods of effectiveness of such findings, and the  
6 reasons for such extensions.”.

7 (2) NO REFUNDS.—Nothing in this subsection  
8 or the amendments made by this subsection may be  
9 construed to authorize or require any payment or re-  
10 fund for flood insurance coverage purchased for any  
11 property that covered any period during which such  
12 coverage is not required for the property pursuant to  
13 the applicability of the amendment made by para-  
14 graph (1).

15 (b) TERMINATION OF FORCE-PLACED INSURANCE.—  
16 Section 102(e) of the Flood Disaster Protection Act of  
17 1973 (42 U.S.C. 4012a(e)) is amended—

18 (1) in paragraph (2), by striking “insurance.”  
19 and inserting “insurance, including premiums or  
20 fees incurred for coverage beginning on the date on  
21 which flood insurance coverage lapsed or did not  
22 provide a sufficient coverage amount.”;

23 (2) by redesignating paragraphs (3) and (4) as  
24 paragraphs (5) and (6), respectively; and

1           (3) by inserting after paragraph (2) the fol-  
2           lowing new paragraphs:

3           “(3) TERMINATION OF FORCE-PLACED INSUR-  
4           ANCE.—Within 30 days of receipt by the lender or  
5           servicer of a confirmation of a borrower’s existing  
6           flood insurance coverage, the lender or servicer  
7           shall—

8                     “(A) terminate the force-placed insurance;  
9                     and

10                    “(B) refund to the borrower all force-  
11                    placed insurance premiums paid by the bor-  
12                    rower during any period during which the bor-  
13                    rower’s flood insurance coverage and the force-  
14                    placed flood insurance coverage were each in ef-  
15                    fect, and any related fees charged to the bor-  
16                    rower with respect to the force-placed insurance  
17                    during such period.

18                    “(4) SUFFICIENCY OF DEMONSTRATION.—For  
19                    purposes of confirming a borrower’s existing flood  
20                    insurance coverage, a lender or servicer for a loan  
21                    shall accept from the borrower an insurance policy  
22                    declarations page that includes the existing flood in-  
23                    surance policy number and the identity of, and con-  
24                    tact information for, the insurance company or  
25                    agent.”.

1           (c) USE OF PRIVATE INSURANCE TO SATISFY MAN-  
2     DATORY PURCHASE REQUIREMENT.—Section 102(b) of  
3     the Flood Disaster Protection Act of 1973 (42 U.S.C.  
4     4012a(b)) is amended—

5           (1) in paragraph (1)—

6           (A) by striking “lending institutions not to  
7     make” and inserting “lending institutions—

8           “(A) not to make”;

9           (B) in subparagraph (A), as designated by  
10     subparagraph (A) of this paragraph, by striking  
11     “less.” and inserting “less; and”; and

12          (C) by adding at the end the following new  
13     subparagraph:

14          “(B) to accept private flood insurance as  
15     satisfaction of the flood insurance coverage re-  
16     quirement under subparagraph (A) if the cov-  
17     erage provided by such private flood insurance  
18     meets the requirements for coverage under such  
19     subparagraph.”;

20          (2) in paragraph (2), by inserting after “pro-  
21     vided in paragraph (1).” the following new sentence:

22          “Each Federal agency lender shall accept private  
23     flood insurance as satisfaction of the flood insurance  
24     coverage requirement under the preceding sentence  
25     if the flood insurance coverage provided by such pri-

1 vate flood insurance meets the requirements for cov-  
2 erage under such sentence.”;

3 (3) in paragraph (3), in the matter following  
4 subparagraph (B), by adding at the end the fol-  
5 lowing new sentence: “The Federal National Mort-  
6 gage Association and the Federal Home Loan Mort-  
7 gage Corporation shall accept private flood insurance  
8 as satisfaction of the flood insurance coverage re-  
9 quirement under the preceding sentence if the flood  
10 insurance coverage provided by such private flood in-  
11 surance meets the requirements for coverage under  
12 such sentence.”; and

13 (4) by adding at the end the following new  
14 paragraph:

15 “(5) PRIVATE FLOOD INSURANCE DEFINED.—  
16 In this subsection, the term ‘private flood insurance’  
17 means a contract for flood insurance coverage al-  
18 lowed for sale under the laws of any State.”.

19 **SEC. 344. REFORMS OF COVERAGE TERMS.**

20 (a) MINIMUM DEDUCTIBLES FOR CLAIMS.—Section  
21 1312 of the National Flood Insurance Act of 1968 (42  
22 U.S.C. 4019) is amended—

23 (1) by striking “The Director is” and inserting  
24 the following: “(a) IN GENERAL.—The Adminis-  
25 trator is”; and



1 (2) by adding at the end the following:

2 “(b) MINIMUM ANNUAL DEDUCTIBLES.—

3 “(1) SUBSIDIZED RATE PROPERTIES.—For any  
4 structure that is covered by flood insurance under  
5 this title, and for which the chargeable rate for such  
6 coverage is less than the applicable estimated risk  
7 premium rate under section 1307(a)(1) for the area  
8 (or subdivision thereof) in which such structure is  
9 located, the minimum annual deductible for damage  
10 to or loss of such structure shall be \$2,000.

11 “(2) ACTUARIAL RATE PROPERTIES.—For any  
12 structure that is covered by flood insurance under  
13 this title, for which the chargeable rate for such cov-  
14 erage is not less than the applicable estimated risk  
15 premium rate under section 1307(a)(1) for the area  
16 (or subdivision thereof) in which such structure is  
17 located, the minimum annual deductible for damage  
18 to or loss of such structure shall be \$1,000.”.

19 (b) CLARIFICATION OF RESIDENTIAL AND COMMER-  
20 CIAL COVERAGE LIMITS.—Section 1306(b) of the Na-  
21 tional Flood Insurance Act of 1968 (42 U.S.C. 4013(b))  
22 is amended—

23 (1) in paragraph (2)—

24 (A) by striking “in the case of any residen-  
25 tial property” and inserting “in the case of any

1 residential building designed for the occupancy  
2 of from one to four families”; and

3 (B) by striking “shall be made available to  
4 every insured upon renewal and every applicant  
5 for insurance so as to enable such insured or  
6 applicant to receive coverage up to a total  
7 amount (including such limits specified in para-  
8 graph (1)(A)(i)) of \$250,000” and inserting  
9 “shall be made available, with respect to any  
10 single such building, up to an aggregate liability  
11 (including such limits specified in paragraph  
12 (1)(A)(i)) of \$250,000”; and  
13 (2) in paragraph (4)—

14 (A) by striking “in the case of any nonresi-  
15 dential property, including churches,” and in-  
16 serting “in the case of any nonresidential build-  
17 ing, including a church,”; and

18 (B) by striking “shall be made available to  
19 every insured upon renewal and every applicant  
20 for insurance, in respect to any single structure,  
21 up to a total amount (including such limit spec-  
22 ified in subparagraph (B) or (C) of paragraph  
23 (1), as applicable) of \$500,000 for each struc-  
24 ture and \$500,000 for any contents related to  
25 each structure” and inserting “shall be made

1 available with respect to any single such build-  
2 ing, up to an aggregate liability (including such  
3 limits specified in subparagraph (B) or (C) of  
4 paragraph (1), as applicable) of \$500,000, and  
5 coverage shall be made available up to a total  
6 of \$500,000 aggregate liability for contents  
7 owned by the building owner and \$500,000 ag-  
8 gregate liability for each unit within the build-  
9 ing for contents owned by the tenant”.

10 (c) INDEXING OF MAXIMUM COVERAGE LIMITS.—

11 Subsection (b) of section 1306 of the National Flood In-  
12 surance Act of 1968 (42 U.S.C. 4013(b)) is amended—

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

15 (2) in paragraph (5), by striking the period at  
16 the end and inserting “; and”;

17 (3) by redesignating paragraph (5) as para-  
18 graph (7); and

19 (4) by adding at the end the following new  
20 paragraph:

21 “(8) each of the dollar amount limitations  
22 under paragraphs (2), (3), (4), (5), and (6) shall be  
23 adjusted effective on the date of the enactment of  
24 the Flood Insurance Reform Act of 2012, such ad-  
25 justments shall be calculated using the percentage

1 change, over the period beginning on September 30,  
2 1994, and ending on such date of enactment, in  
3 such inflationary index as the Administrator shall,  
4 by regulation, specify, and the dollar amount of such  
5 adjustment shall be rounded to the next lower dollar;  
6 and the Administrator shall cause to be published in  
7 the Federal Register the adjustments under this  
8 paragraph to such dollar amount limitations; except  
9 that in the case of coverage for a property that is  
10 made available, pursuant to this paragraph, in an  
11 amount that exceeds the limitation otherwise appli-  
12 cable to such coverage as specified in paragraph (2),  
13 (3), (4), (5), or (6), the total of such coverage shall  
14 be made available only at chargeable rates that are  
15 not less than the estimated premium rates for such  
16 coverage determined in accordance with section  
17 1307(a)(1).”.

18 (d) OPTIONAL COVERAGE FOR LOSS OF USE OF PER-  
19 SONAL RESIDENCE AND BUSINESS INTERRUPTION.—Sub-  
20 section (b) of section 1306 of the National Flood Insur-  
21 ance Act of 1968 (42 U.S.C. 4013(b)), as amended by  
22 the preceding provisions of this section, is further amend-  
23 ed by inserting after paragraph (4) the following new  
24 paragraphs:

1           “(5) the Administrator may provide that, in the  
2 case of any residential property, each renewal or new  
3 contract for flood insurance coverage may provide  
4 not more than \$5,000 aggregate liability per dwell-  
5 ing unit for any necessary increases in living ex-  
6 penses incurred by the insured when losses from a  
7 flood make the residence unfit to live in, except  
8 that—

9           “(A) purchase of such coverage shall be at  
10 the option of the insured;

11           “(B) any such coverage shall be made  
12 available only at chargeable rates that are not  
13 less than the estimated premium rates for such  
14 coverage determined in accordance with section  
15 1307(a)(1); and

16           “(C) the Administrator may make such  
17 coverage available only if the Administrator  
18 makes a determination and causes notice of  
19 such determination to be published in the Fed-  
20 eral Register that—

21           “(i) a competitive private insurance  
22 market for such coverage does not exist;  
23 and

24           “(ii) the national flood insurance pro-  
25 gram has the capacity to make such cov-

1                   erage available without borrowing funds  
2                   from the Secretary of the Treasury under  
3                   section 1309 or otherwise;

4                   “(6) the Administrator may provide that, in the  
5                   case of any commercial property or other residential  
6                   property, including multifamily rental property, cov-  
7                   erage for losses resulting from any partial or total  
8                   interruption of the insured’s business caused by  
9                   damage to, or loss of, such property from a flood  
10                  may be made available to every insured upon re-  
11                  newal and every applicant, up to a total amount of  
12                  \$20,000 per property, except that—

13                  “(A) purchase of such coverage shall be at  
14                  the option of the insured;

15                  “(B) any such coverage shall be made  
16                  available only at chargeable rates that are not  
17                  less than the estimated premium rates for such  
18                  coverage determined in accordance with section  
19                  1307(a)(1); and

20                  “(C) the Administrator may make such  
21                  coverage available only if the Administrator  
22                  makes a determination and causes notice of  
23                  such determination to be published in the Fed-  
24                  eral Register that—

1                   “(i) a competitive private insurance  
2                   market for such coverage does not exist;  
3                   and

4                   “(ii) the national flood insurance pro-  
5                   gram has the capacity to make such cov-  
6                   erage available without borrowing funds  
7                   from the Secretary of the Treasury under  
8                   section 1309 or otherwise;”.

9           (e) PAYMENT OF PREMIUMS IN INSTALLMENTS FOR  
10 RESIDENTIAL PROPERTIES.—Section 1306 of the Na-  
11 tional Flood Insurance Act of 1968 (42 U.S.C. 4013) is  
12 amended by adding at the end the following new sub-  
13 section:

14           “(d) PAYMENT OF PREMIUMS IN INSTALLMENTS FOR  
15 RESIDENTIAL PROPERTIES.—

16                   “(1) AUTHORITY.—In addition to any other  
17                   terms and conditions under subsection (a), such reg-  
18                   ulations shall provide that, in the case of any resi-  
19                   dential property, premiums for flood insurance cov-  
20                   erage made available under this title for such prop-  
21                   erty may be paid in installments.

22                   “(2) LIMITATIONS.—In implementing the au-  
23                   thority under paragraph (1), the Administrator may  
24                   establish increased chargeable premium rates and  
25                   surcharges, and deny coverage and establish such

1 other sanctions, as the Administrator considers nec-  
2 essary to ensure that insureds purchase, pay for,  
3 and maintain coverage for the full term of a contract  
4 for flood insurance coverage or to prevent insureds  
5 from purchasing coverage only for periods during a  
6 year when risk of flooding is comparatively higher or  
7 canceling coverage for periods when such risk is  
8 comparatively lower.”.

9 (f) EFFECTIVE DATE OF POLICIES COVERING PROP-  
10 erties affected by floods in progress.—Para-  
11 graph (1) of section 1306(c) of the National Flood Insur-  
12 ance Act of 1968 (42 U.S.C. 4013(c)) is amended by add-  
13 ing after the period at the end the following: “With respect  
14 to any flood that has commenced or is in progress before  
15 the expiration of such 30-day period, such flood insurance  
16 coverage for a property shall take effect upon the expira-  
17 tion of such 30-day period and shall cover damage to such  
18 property occurring after the expiration of such period that  
19 results from such flood, but only if the property has not  
20 suffered damage or loss as a result of such flood before  
21 the expiration of such 30-day period.”.

22 **SEC. 345. REFORMS OF PREMIUM RATES.**

23 (a) INCREASE IN ANNUAL LIMITATION ON PREMIUM  
24 INCREASES.—Section 1308(e) of the National Flood In-



1 surance Act of 1968 (42 U.S.C. 4015(e)) is amended by  
2 striking “10 percent” and inserting “20 percent”.

3 (b) PHASE-IN OF RATES FOR CERTAIN PROPERTIES  
4 IN NEWLY MAPPED AREAS.—

5 (1) IN GENERAL.—Section 1308 of the Na-  
6 tional Flood Insurance Act of 1968 (42 U.S.C.  
7 4015) is amended—

8 (A) in subsection (a), in the matter pre-  
9 ceding paragraph (1), by inserting “or notice”  
10 after “prescribe by regulation”;

11 (B) in subsection (c), by inserting “and  
12 subsection (g)” before the first comma; and

13 (C) by adding at the end the following new  
14 subsection:

15 “(g) 5-YEAR PHASE-IN OF FLOOD INSURANCE  
16 RATES FOR CERTAIN PROPERTIES IN NEWLY MAPPED  
17 AREAS.—

18 “(1) 5-YEAR PHASE-IN PERIOD.—Notwith-  
19 standing subsection (c) or any other provision of law  
20 relating to chargeable risk premium rates for flood  
21 insurance coverage under this title, in the case of  
22 any area that was not previously designated as an  
23 area having special flood hazards and that, pursuant  
24 to any issuance, revision, updating, or other change  
25 in flood insurance maps, becomes designated as such

1 an area, during the 5-year period that begins, except  
2 as provided in paragraph (2), upon the date that  
3 such maps, as issued, revised, updated, or otherwise  
4 changed, become effective, the chargeable premium  
5 rate for flood insurance under this title with respect  
6 to any covered property that is located within such  
7 area shall be the rate described in paragraph (3).

8 “(2) APPLICABILITY TO PREFERRED RISK RATE  
9 AREAS.—In the case of any area described in para-  
10 graph (1) that consists of or includes an area that,  
11 as of date of the effectiveness of the flood insurance  
12 maps for such area referred to in paragraph (1) as  
13 so issued, revised, updated, or changed, is eligible  
14 for any reason for preferred risk rate method pre-  
15 miums for flood insurance coverage and was eligible  
16 for such premiums as of the enactment of the Flood  
17 Insurance Reform Act of 2012, the 5-year period re-  
18 ferred to in paragraph (1) for such area eligible for  
19 preferred risk rate method premiums shall begin  
20 upon the expiration of the period during which such  
21 area is eligible for such preferred risk rate method  
22 premiums.

23 “(3) PHASE-IN OF FULL ACTUARIAL RATES.—  
24 With respect to any area described in paragraph (1),  
25 the chargeable risk premium rate for flood insurance

1 under this title for a covered property that is located  
2 in such area shall be—

3 “(A) for the first year of the 5-year period  
4 referred to in paragraph (1), the greater of—

5 “(i) 20 percent of the chargeable risk  
6 premium rate otherwise applicable under  
7 this title to the property; and

8 “(ii) in the case of any property that,  
9 as of the beginning of such first year, is el-  
10 igible for preferred risk rate method pre-  
11 miums for flood insurance coverage, such  
12 preferred risk rate method premium for  
13 the property;

14 “(B) for the second year of such 5-year pe-  
15 riod, 40 percent of the chargeable risk premium  
16 rate otherwise applicable under this title to the  
17 property;

18 “(C) for the third year of such 5-year pe-  
19 riod, 60 percent of the chargeable risk premium  
20 rate otherwise applicable under this title to the  
21 property;

22 “(D) for the fourth year of such 5-year pe-  
23 riod, 80 percent of the chargeable risk premium  
24 rate otherwise applicable under this title to the  
25 property; and

1           “(E) for the fifth year of such 5-year pe-  
2           riod, 100 percent of the chargeable risk pre-  
3           mium rate otherwise applicable under this title  
4           to the property.

5           “(4) COVERED PROPERTIES.—For purposes of  
6           the subsection, the term ‘covered property’ means  
7           any residential property occupied by its owner or a  
8           bona fide tenant as a primary residence.”.

9           (2) REGULATION OR NOTICE.—The Adminis-  
10          trator of the Federal Emergency Management Agen-  
11          cy shall issue an interim final rule or notice to im-  
12          plement this subsection and the amendments made  
13          by this subsection as soon as practicable after the  
14          date of the enactment of this Act.

15          (c) PHASE-IN OF ACTUARIAL RATES FOR CERTAIN  
16          PROPERTIES.—

17               (1) IN GENERAL.—Section 1308(c) of the Na-  
18          tional Flood Insurance Act of 1968 (42 U.S.C.  
19          4015(c)) is amended—

20                   (A) by redesignating paragraph (2) as  
21                   paragraph (7); and

22                   (B) by inserting after paragraph (1) the  
23                   following new paragraphs:

24           “(2) COMMERCIAL PROPERTIES.—Any nonresi-  
25          dential property.

1           “(3) SECOND HOMES AND VACATION HOMES.—  
2           Any residential property that is not the primary res-  
3           idence of any individual.

4           “(4) HOMES SOLD TO NEW OWNERS.—Any sin-  
5           gle family property that—

6                   “(A) has been constructed or substantially  
7                   improved and for which such construction or  
8                   improvement was started, as determined by the  
9                   Administrator, before December 31, 1974, or  
10                  before the effective date of the initial rate map  
11                  published by the Administrator under para-  
12                  graph (2) of section 1360(a) for the area in  
13                  which such property is located, whichever is  
14                  later; and

15                   “(B) is purchased after the effective date  
16                   of this paragraph, pursuant to section  
17                   345(c)(3)(A) of the Flood Insurance Reform  
18                   Act of 2012.

19           “(5) HOMES DAMAGED OR IMPROVED.—Any  
20           property that, on or after the date of the enactment  
21           of the Flood Insurance Reform Act of 2012, has ex-  
22           perienced or sustained—

23                   “(A) substantial flood damage exceeding  
24                   50 percent of the fair market value of such  
25                   property; or

1           “(B) substantial improvement exceeding  
2           30 percent of the fair market value of such  
3           property.

4           “(6) HOMES WITH MULTIPLE CLAIMS.—Any se-  
5           vere repetitive loss property (as such term is defined  
6           in section 1366(j)).”.

7           (2) TECHNICAL AMENDMENTS.—Section 1308  
8           of the National Flood Insurance Act of 1968 (42  
9           U.S.C. 4015) is amended—

10           (A) in subsection (c)—

11           (i) in the matter preceding paragraph  
12           (1), by striking “the limitations provided  
13           under paragraphs (1) and (2)” and insert-  
14           ing “subsection (e)”; and

15           (ii) in paragraph (1), by striking “,  
16           except” and all that follows through “sub-  
17           section (e)”; and

18           (B) in subsection (e), by striking “para-  
19           graph (2) or (3)” and inserting “paragraph  
20           (7)”.

21           (3) EFFECTIVE DATE AND TRANSITION.—

22           (A) EFFECTIVE DATE.—The amendments  
23           made by paragraphs (1) and (2) shall apply be-  
24           ginning upon the expiration of the 12-month  
25           period that begins on the date of the enactment

1 of this Act, except as provided in subparagraph  
2 (B) of this paragraph.

3 (B) TRANSITION FOR PROPERTIES COV-  
4 ERED BY FLOOD INSURANCE UPON EFFECTIVE  
5 DATE.—

6 (i) INCREASE OF RATES OVER TIME.—

7 In the case of any property described in  
8 paragraph (2), (3), (4), (5), or (6) of sec-  
9 tion 1308(c) of the National Flood Insur-  
10 ance Act of 1968, as amended by para-  
11 graph (1) of this subsection, that, as of the  
12 effective date under subparagraph (A) of  
13 this paragraph, is covered under a policy  
14 for flood insurance made available under  
15 the national flood insurance program for  
16 which the chargeable premium rates are  
17 less than the applicable estimated risk pre-  
18 mium rate under section 1307(a)(1) of  
19 such Act for the area in which the prop-  
20 erty is located, the Administrator of the  
21 Federal Emergency Management Agency  
22 shall increase the chargeable premium  
23 rates for such property over time to such  
24 applicable estimated risk premium rate  
25 under section 1307(a)(1).

1 (ii) AMOUNT OF ANNUAL INCREASE.—

2 Such increase shall be made by increasing  
3 the chargeable premium rates for the prop-  
4 erty (after application of any increase in  
5 the premium rates otherwise applicable to  
6 such property), once during the 12-month  
7 period that begins upon the effective date  
8 under subparagraph (A) of this paragraph  
9 and once every 12 months thereafter until  
10 such increase is accomplished, by 20 per-  
11 cent (or such lesser amount as may be nec-  
12 essary so that the chargeable rate does not  
13 exceed such applicable estimated risk pre-  
14 mium rate or to comply with clause (iii)).

15 (iii) PROPERTIES SUBJECT TO PHASE-  
16 IN AND ANNUAL INCREASES.—In the case  
17 of any pre-FIRM property (as such term is  
18 defined in section 578(b) of the National  
19 Flood Insurance Reform Act of 1974), the  
20 aggregate increase, during any 12-month  
21 period, in the chargeable premium rate for  
22 the property that is attributable to this  
23 subparagraph or to an increase described  
24 in section 1308(e) of the National Flood



1 Insurance Act of 1968 may not exceed 20  
2 percent.

3 (iv) FULL ACTUARIAL RATES.—The  
4 provisions of paragraphs (2), (3), (4), (5),  
5 and (6) of such section 1308(c) shall apply  
6 to such a property upon the accomplish-  
7 ment of the increase under this subpara-  
8 graph and thereafter.

9 (d) PROHIBITION OF EXTENSION OF SUBSIDIZED  
10 RATES TO LAPSED POLICIES.—Section 1308 of the Na-  
11 tional Flood Insurance Act of 1968 (42 U.S.C. 4015), as  
12 amended by the preceding provisions of this subtitle, is  
13 further amended—

14 (1) in subsection (e), by inserting “or sub-  
15 section (h)” after “subsection (c)”; and

16 (2) by adding at the end the following new sub-  
17 section:

18 “(h) PROHIBITION OF EXTENSION OF SUBSIDIZED  
19 RATES TO LAPSED POLICIES.—Notwithstanding any  
20 other provision of law relating to chargeable risk premium  
21 rates for flood insurance coverage under this title, the Ad-  
22 ministrators shall not provide flood insurance coverage  
23 under this title for any property for which a policy for  
24 such coverage for the property has previously lapsed in  
25 coverage as a result of the deliberate choice of the holder

1 of such policy, at a rate less than the applicable estimated  
2 risk premium rates for the area (or subdivision thereof)  
3 in which such property is located.”.

4 (e) RECOGNITION OF STATE AND LOCAL FUNDING  
5 FOR CONSTRUCTION, RECONSTRUCTION, AND IMPROVE-  
6 MENT OF FLOOD PROTECTION SYSTEMS IN DETERMINA-  
7 TION OF RATES.—

8 (1) IN GENERAL.—Section 1307 of the Na-  
9 tional Flood Insurance Act of 1968 (42 U.S.C.  
10 4014) is amended—

11 (A) in subsection (e)—

12 (i) in the first sentence, by striking  
13 “construction of a flood protection system”  
14 and inserting “construction, reconstruc-  
15 tion, or improvement of a flood protection  
16 system (without respect to the level of Fed-  
17 eral investment or participation)”; and

18 (ii) in the second sentence—

19 (I) by striking “construction of a  
20 flood protection system” and inserting  
21 “construction, reconstruction, or im-  
22 provement of a flood protection sys-  
23 tem”; and

1 (II) by inserting “based on the  
2 present value of the completed sys-  
3 tem” after “has been expended”; and

4 (B) in subsection (f)—

5 (i) in the first sentence in the matter  
6 preceding paragraph (1), by inserting  
7 “(without respect to the level of Federal  
8 investment or participation)” before the  
9 period at the end;

10 (ii) in the third sentence in the matter  
11 preceding paragraph (1), by inserting “,  
12 whether coastal or riverine,” after “special  
13 flood hazard”; and

14 (iii) in paragraph (1), by striking “a  
15 Federal agency in consultation with the  
16 local project sponsor” and inserting “the  
17 entity or entities that own, operate, main-  
18 tain, or repair such system”.

19 (2) REGULATIONS.—The Administrator of the  
20 Federal Emergency Management Agency shall pro-  
21 mulgate regulations to implement this subsection  
22 and the amendments made by this subsection as  
23 soon as practicable, but not more than 18 months  
24 after the date of the enactment of this Act. Para-  
25 graph (3) may not be construed to annul, alter, af-

1       fect, authorize any waiver of, or establish any excep-  
2       tion to, the requirement under the preceding sen-  
3       tence.

4   **SEC. 346. TECHNICAL MAPPING ADVISORY COUNCIL.**

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

8       (b) MEMBERSHIP.—

9           (1) IN GENERAL.—The Council shall consist  
10 of—

11           (A) the Administrator of the Federal  
12           Emergency Management Agency (in this section  
13           referred to as the “Administrator”), or the des-  
14           ignee thereof;

15           (B) the Director of the United States Geo-  
16           logical Survey of the Department of the Inte-  
17           rior, or the designee thereof;

18           (C) the Under Secretary of Commerce for  
19           Oceans and Atmosphere, or the designee there-  
20           of;

21           (D) the commanding officer of the United  
22           States Army Corps of Engineers, or the des-  
23           ignee thereof;

1 (E) the chief of the Natural Resources  
2 Conservation Service of the Department of Ag-  
3 riculture, or the designee thereof;

4 (F) the Director of the United States Fish  
5 and Wildlife Service of the Department of the  
6 Interior, or the designee thereof;

7 (G) the Assistant Administrator for Fish-  
8 eries of the National Oceanic and Atmospheric  
9 Administration of the Department of Com-  
10 merce, or the designee thereof; and

11 (H) 14 additional members to be appointed  
12 by the Administrator of the Federal Emergency  
13 Management Agency, who shall be—

14 (i) an expert in data management;

15 (ii) an expert in real estate;

16 (iii) an expert in insurance;

17 (iv) a member of a recognized regional  
18 flood and storm water management organi-  
19 zation;

20 (v) a representative of a State emer-  
21 gency management agency or association  
22 or organization for such agencies;

23 (vi) a member of a recognized profes-  
24 sional surveying association or organiza-  
25 tion;

1 (vii) a member of a recognized profes-  
2 sional mapping association or organization;

3 (viii) a member of a recognized pro-  
4 fessional engineering association or organi-  
5 zation;

6 (ix) a member of a recognized profes-  
7 sional association or organization rep-  
8 resenting flood hazard determination firms;

9 (x) a representative of State national  
10 flood insurance coordination offices;

11 (xi) representatives of two local gov-  
12 ernments, at least one of whom is a local  
13 levee flood manager or executive, des-  
14 ignated by the Federal Emergency Man-  
15 agement Agency as Cooperating Technical  
16 Partners; and

17 (xii) representatives of two State gov-  
18 ernments designated by the Federal Emer-  
19 gency Management Agency as Cooperating  
20 Technical States.

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

1 using flood insurance rate maps. In appointing  
2 members under paragraph (1)(H), the Administrator  
3 shall ensure that the membership of the Council has  
4 a balance of Federal, State, local, and private mem-  
5 bers, and includes an adequate number of represent-  
6 atives from the States with coastline on the Gulf of  
7 Mexico and other States containing areas identified  
8 by the Administrator of the Federal Emergency  
9 Management Agency as at high-risk for flooding or  
10 special flood hazard areas.

11 (c) DUTIES.—

12 (1) NEW MAPPING STANDARDS.—Not later than  
13 the expiration of the 12-month period beginning  
14 upon the date of the enactment of this Act, the  
15 Council shall develop and submit to the Adminis-  
16 trator and the Congress proposed new mapping  
17 standards for 100-year flood insurance rate maps  
18 used under the national flood insurance program  
19 under the National Flood Insurance Act of 1968. In  
20 developing such proposed standards the Council  
21 shall—

22 (A) ensure that the flood insurance rate  
23 maps reflect true risk, including graduated risk  
24 that better reflects the financial risk to each  
25 property; such reflection of risk should be at

1 the smallest geographic level possible (but not  
2 necessarily property-by-property) to ensure that  
3 communities are mapped in a manner that  
4 takes into consideration different risk levels  
5 within the community;

6 (B) ensure the most efficient generation,  
7 display, and distribution of flood risk data,  
8 models, and maps where practicable through  
9 dynamic digital environments using spatial  
10 database technology and the Internet;

11 (C) ensure that flood insurance rate maps  
12 reflect current hydrologic and hydraulic data,  
13 current land use, and topography, incorporating  
14 the most current and accurate ground and  
15 bathymetric elevation data;

16 (D) determine the best ways to include in  
17 such flood insurance rate maps levees, decerti-  
18 fied levees, and areas located below dams, in-  
19 cluding determining a methodology for ensuring  
20 that decertified levees and other protections are  
21 included in flood insurance rate maps and their  
22 corresponding flood zones reflect the level of  
23 protection conferred;

24 (E) consider how to incorporate restored  
25 wetlands and other natural buffers into flood



1 insurance rate maps, which may include wet-  
2 lands, groundwater recharge areas, erosion  
3 zones, meander belts, endangered species habi-  
4 tat, barrier islands and shoreline buffer fea-  
5 tures, riparian forests, and other features;

6 (F) consider whether to use vertical posi-  
7 tioning (as defined by the Administrator) for  
8 flood insurance rate maps;

9 (G) ensure that flood insurance rate maps  
10 differentiate between a property that is located  
11 in a flood zone and a structure located on such  
12 property that is not at the same risk level for  
13 flooding as such property due to the elevation  
14 of the structure;

15 (H) ensure that flood insurance rate maps  
16 take into consideration the best scientific data  
17 and potential future conditions (including pro-  
18 jections for sea level rise); and

19 (I) consider how to incorporate the new  
20 standards proposed pursuant to this paragraph  
21 in existing mapping efforts.

22 (2) ONGOING DUTIES.—The Council shall, on  
23 an ongoing basis, review the mapping protocols de-  
24 veloped pursuant to paragraph (1), and make rec-  
25 ommendations to the Administrator when the Coun-

1 cil determines that mapping protocols should be al-  
2 tered.

3 (3) MEETINGS.—In carrying out its duties  
4 under this section, the Council shall consult with  
5 stakeholders through at least 4 public meetings an-  
6 nually, and shall seek input of all stakeholder inter-  
7 ests including State and local representatives, envi-  
8 ronmental and conservation organizations, insurance  
9 industry representatives, advocacy groups, planning  
10 organizations, and mapping organizations.

11 (d) PROHIBITION ON COMPENSATION.—Members of  
12 the Council shall receive no additional compensation by  
13 reason of their service on the Council.

14 (e) CHAIRPERSON.—The Administrator shall serve as  
15 the Chairperson of the Council.

16 (f) STAFF.—

17 (1) FEMA.—Upon the request of the Council,  
18 the Administrator may detail, on a nonreimbursable  
19 basis, personnel of the Federal Emergency Manage-  
20 ment Agency to assist the Council in carrying out its  
21 duties.

22 (2) OTHER FEDERAL AGENCIES.—Upon request  
23 of the Council, any other Federal agency that is a  
24 member of the Council may detail, on a non-reim-

1        bursable basis, personnel to assist the Council in  
2        carrying out its duties.

3        (g) POWERS.—In carrying out this section, the Coun-  
4        cil may hold hearings, receive evidence and assistance, pro-  
5        vide information, and conduct research, as the Council  
6        considers appropriate.

7        (h) TERMINATION.—The Council shall terminate  
8        upon the expiration of the 5-year period beginning on the  
9        date of the enactment of this Act.

10       (i) MORATORIUM ON FLOOD MAP CHANGES.—

11            (1) MORATORIUM.—Except as provided in para-  
12            graph (2) and notwithstanding any other provision  
13            of this subtitle, the National Flood Insurance Act of  
14            1968, or the Flood Disaster Protection Act of 1973,  
15            during the period beginning upon the date of the en-  
16            actment of this Act and ending upon the submission  
17            by the Council to the Administrator and the Con-  
18            gress of the proposed new mapping standards re-  
19            quired under subsection (c)(1), the Administrator  
20            may not make effective any new or updated rate  
21            maps for flood insurance coverage under the na-  
22            tional flood insurance program that were not in ef-  
23            fect for such program as of such date of enactment,  
24            or otherwise revise, update, or change the flood in-

1 insurance rate maps in effect for such program as of  
2 such date.

3 (2) LETTERS OF MAP CHANGE.—During the pe-  
4 riod described in paragraph (1), the Administrator  
5 may revise, update, and change the flood insurance  
6 rate maps in effect for the national flood insurance  
7 program only pursuant to a letter of map change  
8 (including a letter of map amendment, letter of map  
9 revision, and letter of map revision based on fill).

10 **SEC. 347. FEMA INCORPORATION OF NEW MAPPING PROTO-**  
11 **COLS.**

12 (a) NEW RATE MAPPING STANDARDS.—Not later  
13 than the expiration of the 6-month period beginning upon  
14 submission by the Technical Mapping Advisory Council  
15 under section 346 of the proposed new mapping standards  
16 for flood insurance rate maps used under the national  
17 flood insurance program developed by the Council pursu-  
18 ant to section 346(c), the Administrator of the Federal  
19 Emergency Management Agency (in this section referred  
20 to as the “Administrator”) shall establish new standards  
21 for such rate maps based on such proposed new standards  
22 and the recommendations of the Council.

23 (b) REQUIREMENTS.—The new standards for flood  
24 insurance rate maps established by the Administrator pur-  
25 suant to subsection (a) shall—

1 (1) delineate and include in any such rate  
2 maps—

3 (A) all areas located within the 100-year  
4 flood plain; and

5 (B) areas subject to graduated and other  
6 risk levels, to the maximum extent possible;

7 (2) ensure that any such rate maps—

8 (A) include levees, including decertified lev-  
9 ees, and the level of protection they confer;

10 (B) reflect current land use and topog-  
11 raphy and incorporate the most current and ac-  
12 curate ground level data;

13 (C) take into consideration the impacts  
14 and use of fill and the flood risks associated  
15 with altered hydrology;

16 (D) differentiate between a property that  
17 is located in a flood zone and a structure lo-  
18 cated on such property that is not at the same  
19 risk level for flooding as such property due to  
20 the elevation of the structure;

21 (E) identify and incorporate natural fea-  
22 tures and their associated flood protection bene-  
23 fits into mapping and rates; and

24 (F) identify, analyze, and incorporate the  
25 impact of significant changes to building and

1           development throughout any river or costal  
2           water system, including all tributaries, which  
3           may impact flooding in areas downstream; and  
4           (3) provide that such rate maps are developed  
5           on a watershed basis.

6           (c) REPORT.—If, in establishing new standards for  
7 flood insurance rate maps pursuant to subsection (a) of  
8 this section, the Administrator does not implement all of  
9 the recommendations of the Council made under the pro-  
10 posed new mapping standards developed by the Council  
11 pursuant to section 346(c), upon establishment of the new  
12 standards the Administrator shall submit a report to the  
13 Committee on Financial Services of the House of Rep-  
14 resentatives and the Committee on Banking, Housing, and  
15 Urban Affairs of the Senate specifying which such rec-  
16 ommendations were not adopted and explaining the rea-  
17 sons such recommendations were not adopted.

18           (d) IMPLEMENTATION.—The Administrator shall, not  
19 later than the expiration of the 6-month period beginning  
20 upon establishment of the new standards for flood insur-  
21 ance rate maps pursuant to subsection (a) of this section,  
22 commence use of the new standards and updating of flood  
23 insurance rate maps in accordance with the new stand-  
24 ards. Not later than the expiration of the 10-year period  
25 beginning upon the establishment of such new standards,

1 the Administrator shall complete updating of all flood in-  
2 surance rate maps in accordance with the new standards,  
3 subject to the availability of sufficient amounts for such  
4 activities provided in appropriation Acts.

5 (e) TEMPORARY SUSPENSION OF MANDATORY PUR-  
6 CHASE REQUIREMENT FOR CERTAIN PROPERTIES.—

7 (1) SUBMISSION OF ELEVATION CERTIFI-  
8 CATE.—Subject to paragraphs (2) and (3) of this  
9 subsection, subsections (a), (b), and (e) of section  
10 102 of the Flood Disaster Protection Act of 1973  
11 (42 U.S.C. 4012a), and section 202(a) of such Act,  
12 shall not apply to a property located in an area des-  
13 ignated as having a special flood hazard if the owner  
14 of such property submits to the Administrator an  
15 elevation certificate for such property showing that  
16 the lowest level of the primary residence on such  
17 property is at an elevation that is at least three feet  
18 higher than the elevation of the 100-year flood plain.

19 (2) REVIEW OF CERTIFICATE.—The Adminis-  
20 trator shall accept as conclusive each elevation cer-  
21 tificate submitted under paragraph (1) unless the  
22 Administrator conducts a subsequent elevation sur-  
23 vey and determines that the lowest level of the pri-  
24 mary residence on the property in question is not at  
25 an elevation that is at least three feet higher than

1 the elevation of the 100-year flood plain. The Ad-  
2 ministrator shall provide any such subsequent ele-  
3 vation survey to the owner of such property.

4 (3) DETERMINATIONS FOR PROPERTIES ON  
5 BORDERS OF SPECIAL FLOOD HAZARD AREAS.—

6 (A) EXPEDITED DETERMINATION.—In the  
7 case of any survey for a property submitted to  
8 the Administrator pursuant to paragraph (1)  
9 showing that a portion of the property is lo-  
10 cated within an area having special flood haz-  
11 ards and that a structure located on the prop-  
12 erty is not located within such area having spe-  
13 cial flood hazards, the Administrator shall expe-  
14 ditiously process any request made by an owner  
15 of the property for a determination pursuant to  
16 paragraph (2) or a determination of whether  
17 the structure is located within the area having  
18 special flood hazards.

19 (B) PROHIBITION OF FEE.—If the Admin-  
20 istrator determines pursuant to subparagraph  
21 (A) that the structure on the property is not lo-  
22 cated within the area having special flood haz-  
23 ards, the Administrator shall not charge a fee  
24 for reviewing the flood hazard data and shall



1 not require the owner to provide any additional  
2 elevation data.

3 (C) SIMPLIFICATION OF REVIEW PROC-  
4 ESS.—The Administrator shall collaborate with  
5 private sector flood insurers to simplify the re-  
6 view process for properties described in sub-  
7 paragraph (A) and to ensure that the review  
8 process provides for accurate determinations.

9 (4) TERMINATION OF AUTHORITY.—This sub-  
10 section shall cease to apply to a property on the date  
11 on which the Administrator updates the flood insur-  
12 ance rate map that applies to such property in ac-  
13 cordance with the requirements of subsection (d).

14 **SEC. 348. TREATMENT OF LEVEES.**

15 Section 1360 of the National Flood Insurance Act of  
16 1968 (42 U.S.C. 4101) is amended by adding at the end  
17 the following new subsection:

18 “(k) TREATMENT OF LEVEES.—The Administrator  
19 may not issue flood insurance maps, or make effective up-  
20 dated flood insurance maps, that omit or disregard the  
21 actual protection afforded by an existing levee, floodwall,  
22 pump or other flood protection feature, regardless of the  
23 accreditation status of such feature.”.

1 **SEC. 349. PRIVATIZATION INITIATIVES.**

2 (a) FEMA AND GAO REPORTS.—Not later than the  
3 expiration of the 18-month period beginning on the date  
4 of the enactment of this Act, the Administrator of the  
5 Federal Emergency Management Agency and the Comp-  
6 troller General of the United States shall each conduct a  
7 separate study to assess a broad range of options, meth-  
8 ods, and strategies for privatizing the national flood insur-  
9 ance program and shall each submit a report to the Com-  
10 mittee on Financial Services of the House of Representa-  
11 tives and the Committee on Banking, Housing, and Urban  
12 Affairs of the Senate with recommendations for the best  
13 manner to accomplish such privatization.

14 (b) PRIVATE RISK-MANAGEMENT INITIATIVES.—

15 (1) AUTHORITY.—The Administrator of the  
16 Federal Emergency Management Agency may carry  
17 out such private risk-management initiatives under  
18 the national flood insurance program as the Admin-  
19 istrator considers appropriate to determine the ca-  
20 pacity of private insurers, reinsurers, and financial  
21 markets to assist communities, on a voluntary basis  
22 only, in managing the full range of financial risks  
23 associated with flooding.

24 (2) ASSESSMENT.—Not later than the expira-  
25 tion of the 12-month period beginning on the date  
26 of the enactment of this Act, the Administrator shall

1 assess the capacity of the private reinsurance, cap-  
2 ital, and financial markets by seeking proposals to  
3 assume a portion of the program's insurance risk  
4 and submit to the Congress a report describing the  
5 response to such request for proposals and the re-  
6 sults of such assessment.

7 (3) PROTOCOL FOR RELEASE OF DATA.—The  
8 Administrator shall develop a protocol to provide for  
9 the release of data sufficient to conduct the assess-  
10 ment required under paragraph (2).

11 (c) REINSURANCE.—The National Flood Insurance  
12 Act of 1968 is amended—

13 (1) in section 1331(a)(2) (42 U.S.C.  
14 4051(a)(2)), by inserting “, including as reinsurance  
15 of insurance coverage provided by the flood insur-  
16 ance program” before “, on such terms”;

17 (2) in section 1332(c)(2) (42 U.S.C.  
18 4052(c)(2)), by inserting “or reinsurance” after  
19 “flood insurance coverage”;

20 (3) in section 1335(a) (42 U.S.C. 4055(a))—

21 (A) by inserting “(1)” after “(a)”; and

22 (B) by adding at the end the following new  
23 paragraph:

24 “(2) The Administrator is authorized to secure rein-  
25 surance coverage of coverage provided by the flood insur-

1 ance program from private market insurance, reinsurance,  
2 and capital market sources at rates and on terms deter-  
3 mined by the Administrator to be reasonable and appro-  
4 priate in an amount sufficient to maintain the ability of  
5 the program to pay claims and that minimizes the likeli-  
6 hood that the program will utilize the borrowing authority  
7 provided under section 1309.”;

8 (4) in section 1346(a) (12 U.S.C. 4082(a))—

9 (A) in the matter preceding paragraph (1),  
10 by inserting “, or for purposes of securing rein-  
11 surance of insurance coverage provided by the  
12 program,” before “of any or all of”;

13 (B) in paragraph (1)—

14 (i) by striking “estimating” and in-  
15 serting “Estimating”; and

16 (ii) by striking the semicolon at the  
17 end and inserting a period;

18 (C) in paragraph (2)—

19 (i) by striking “receiving” and insert-  
20 ing “Receiving”; and

21 (ii) by striking the semicolon at the  
22 end and inserting a period;

23 (D) in paragraph (3)—

24 (i) by striking “making” and inserting  
25 “Making”; and

1 (ii) by striking “; and” and inserting  
2 a period;

3 (E) in paragraph (4)—

4 (i) by striking “otherwise” and insert-  
5 ing “Otherwise”; and

6 (ii) by redesignating such paragraph  
7 as paragraph (5); and

8 (F) by inserting after paragraph (3) the  
9 following new paragraph:

10 “(4) Placing reinsurance coverage on insurance  
11 provided by such program.”; and

12 (5) in section 1370(a)(3) (42 U.S.C.  
13 4121(a)(3)), by inserting before the semicolon at the  
14 end the following: “, is subject to the reporting re-  
15 quirements of the Securities Exchange Act of 1934,  
16 pursuant to section 13(a) or 15(d) of such Act (15  
17 U.S.C. 78m(a), 78o(d)), or is authorized by the Ad-  
18 ministrator to assume reinsurance on risks insured  
19 by the flood insurance program”.

20 (d) ASSESSMENT OF CLAIMS-PAYING ABILITY.—

21 (1) ASSESSMENT.—Not later than September  
22 30 of each year, the Administrator of the Federal  
23 Emergency Management Agency shall conduct an  
24 assessment of the claims-paying ability of the na-  
25 tional flood insurance program, including the pro-

1       gram’s utilization of private sector reinsurance and  
2       reinsurance equivalents, with and without reliance  
3       on borrowing authority under section 1309 of the  
4       National Flood Insurance Act of 1968 (42 U.S.C.  
5       4016). In conducting the assessment, the Adminis-  
6       trator shall take into consideration regional con-  
7       centrations of coverage written by the program, peak  
8       flood zones, and relevant mitigation measures.

9               (2) REPORT.—The Administrator shall submit  
10       a report to the Congress of the results of each such  
11       assessment, and make such report available to the  
12       public, not later than 30 days after completion of  
13       the assessment.

14       **SEC. 350. FEMA ANNUAL REPORT ON INSURANCE PRO-**  
15                               **GRAM.**

16       Section 1320 of the National Flood Insurance Act of  
17       1968 (42 U.S.C. 4027) is amended—

18               (1) in the section heading, by striking “REPORT  
19       TO THE PRESIDENT” and inserting “ANNUAL RE-  
20       PORT TO CONGRESS”;

21               (2) in subsection (a)—

22                       (A) by striking “biennially”;

23                       (B) by striking “the President for submis-  
24       sion to”; and

1 (C) by inserting “not later than June 30  
2 of each year” before the period at the end;

3 (3) in subsection (b), by striking “biennial” and  
4 inserting “annual”; and

5 (4) by adding at the end the following new sub-  
6 section:

7 “(c) FINANCIAL STATUS OF PROGRAM.—The report  
8 under this section for each year shall include information  
9 regarding the financial status of the national flood insur-  
10 ance program under this title, including a description of  
11 the financial status of the National Flood Insurance Fund  
12 and current and projected levels of claims, premium re-  
13 ceipts, expenses, and borrowing under the program.”.

14 **SEC. 351. MITIGATION ASSISTANCE.**

15 (a) MITIGATION ASSISTANCE GRANTS.—Section  
16 1366 of the National Flood Insurance Act of 1968 (42  
17 U.S.C. 4104c) is amended—

18 (1) in subsection (a), by striking the last sen-  
19 tence and inserting the following: “Such financial  
20 assistance shall be made available—

21 “(1) to States and communities in the form of  
22 grants under this section for carrying out mitigation  
23 activities;

24 “(2) to States and communities in the form of  
25 grants under this section for carrying out mitigation

1 activities that reduce flood damage to severe repet-  
2 itive loss structures; and

3 “(3) to property owners in the form of direct  
4 grants under this section for carrying out mitigation  
5 activities that reduce flood damage to individual  
6 structures for which 2 or more claim payments for  
7 losses have been made under flood insurance cov-  
8 erage under this title if the Administrator, after con-  
9 sultation with the State and community, determines  
10 that neither the State nor community in which such  
11 a structure is located has the capacity to manage  
12 such grants.”.

13 (2) by striking subsection (b);

14 (3) in subsection (c)—

15 (A) by striking “flood risk” and inserting  
16 “multi-hazard”;

17 (B) by striking “provides protection  
18 against” and inserting “examines reduction of”;

19 and

20 (C) by redesignating such subsection as  
21 subsection (b);

22 (4) by striking subsection (d);

23 (5) in subsection (e)—

24 (A) in paragraph (1), by striking the para-  
25 graph designation and all that follows through



1           the end of the first sentence and inserting the  
2           following:

3           “(1) REQUIREMENT OF CONSISTENCY WITH AP-  
4           PROVED MITIGATION PLAN.—Amounts provided  
5           under this section may be used only for mitigation  
6           activities that are consistent with mitigation plans  
7           that are approved by the Administrator and identi-  
8           fied under subparagraph (4).”;

9           (B) by striking paragraphs (2), (3), and  
10          (4) and inserting the following new paragraphs:

11          “(2) REQUIREMENTS OF TECHNICAL FEASI-  
12          BILITY, COST EFFECTIVENESS, AND INTEREST OF  
13          NFIF.—The Administrator may approve only mitiga-  
14          tion activities that the Administrator determines are  
15          technically feasible and cost-effective and in the in-  
16          terest of, and represent savings to, the National  
17          Flood Insurance Fund. In making such determina-  
18          tions, the Administrator shall take into consideration  
19          recognized benefits that are difficult to quantify.

20          “(3) PRIORITY FOR MITIGATION ASSISTANCE.—  
21          In providing grants under this section for mitigation  
22          activities, the Administrator shall give priority for  
23          funding to activities that the Administrator deter-  
24          mines will result in the greatest savings to the Na-

1 tional Flood Insurance Fund, including activities  
2 for—

3 “(A) severe repetitive loss structures;

4 “(B) repetitive loss structures; and

5 “(C) other subsets of structures as the Ad-  
6 ministrator may establish.”;

7 (C) in paragraph (5)—

8 (i) by striking all of the matter that  
9 precedes subparagraph (A) and inserting  
10 the following:

11 “(4) ELIGIBLE ACTIVITIES.—Eligible ac-  
12 tivities may include—”;

13 (ii) by striking subparagraphs (E) and  
14 (H);

15 (iii) by redesignating subparagraphs  
16 (D), (F), and (G) as subparagraphs (E),  
17 (G), and (H);

18 (iv) by inserting after subparagraph  
19 (C) the following new subparagraph:

20 “(D) elevation, relocation, and  
21 floodproofing of utilities (including equipment  
22 that serve structures);”;

23 (v) by inserting after subparagraph  
24 (E), as so redesignated by clause (iii) of

1           this subparagraph, the following new sub-  
2           paragraph:

3           “(F) the development or update of State,  
4           local, or Indian tribal mitigation plans which  
5           meet the planning criteria established by the  
6           Administrator, except that the amount from  
7           grants under this section that may be used  
8           under this subparagraph may not exceed  
9           \$50,000 for any mitigation plan of a State or  
10          \$25,000 for any mitigation plan of a local gov-  
11          ernment or Indian tribe;”;

12                   (vi) in subparagraph (H); as so redes-  
13                   ignated by clause (iii) of this subpara-  
14                   graph, by striking “and” at the end; and

15                   (vii) by adding at the end the fol-  
16                   lowing new subparagraphs:

17           “(I) other mitigation activities not de-  
18           scribed in subparagraphs (A) through (G) or  
19           the regulations issued under subparagraph (H),  
20           that are described in the mitigation plan of a  
21           State, community, or Indian tribe; and

22           “(J) personnel costs for State staff that  
23           provide technical assistance to communities to  
24           identify eligible activities, to develop grant ap-  
25           plications, and to implement grants awarded

1 under this section, not to exceed \$50,000 per  
2 State in any Federal fiscal year, so long as the  
3 State applied for and was awarded at least  
4 \$1,000,000 in grants available under this sec-  
5 tion in the prior Federal fiscal year; the re-  
6 quirements of subsections (d)(1) and (d)(2)  
7 shall not apply to the activity under this sub-  
8 paragraph.”;

9 (D) by adding at the end the following new  
10 paragraph:

11 “(6) ELIGIBILITY OF DEMOLITION AND RE-  
12 BUILDING OF PROPERTIES.—The Administrator  
13 shall consider as an eligible activity the demolition  
14 and rebuilding of properties to at least base flood  
15 elevation or greater, if required by the Administrator  
16 or if required by any State regulation or local ordi-  
17 nance, and in accordance with criteria established by  
18 the Administrator.”; and

19 (E) by redesignating such subsection as  
20 subsection (c);

21 (6) by striking subsections (f), (g), and (h) and  
22 inserting the following new subsection:

23 “(d) MATCHING REQUIREMENT.—The Administrator  
24 may provide grants for eligible mitigation activities as fol-  
25 lows:

1           “(1) SEVERE REPETITIVE LOSS STRUCTURES.—  
2           In the case of mitigation activities to severe repet-  
3           itive loss structures, in an amount up to 100 percent  
4           of all eligible costs.

5           “(2) REPETITIVE LOSS STRUCTURES.—In the  
6           case of mitigation activities to repetitive loss struc-  
7           tures, in an amount up to 90 percent of all eligible  
8           costs.

9           “(3) OTHER MITIGATION ACTIVITIES.— In the  
10          case of all other mitigation activities, in an amount  
11          up to 75 percent of all eligible costs.”;

12          (7) in subsection (i)—

13                 (A) in paragraph (2)—

14                         (i) by striking “certified under sub-  
15                         section (g)” and inserting “required under  
16                         subsection (d)”;

17                         (ii) by striking “3 times the amount”  
18                         and inserting “the amount”;

19                 (B) by redesignating such subsection as  
20                 subsection (e);

21          (8) in subsection (j)—

22                 (A) in paragraph (1), by striking “Riegle  
23                 Community Development and Regulatory Im-  
24                 provement Act of 1994” and inserting “Flood  
25                 Insurance Reform Act of 2012”;

1 (B) by redesignating such subsection as  
2 subsection (f); and

3 (9) by striking subsections (k) and (m) and in-  
4 serting the following new subsections:

5 “(g) FAILURE TO MAKE GRANT AWARD WITHIN 5  
6 YEARS.—For any application for a grant under this sec-  
7 tion for which the Administrator fails to make a grant  
8 award within 5 years of the date of application, the grant  
9 application shall be considered to be denied and any fund-  
10 ing amounts allocated for such grant applications shall re-  
11 main in the National Flood Mitigation Fund under section  
12 1367 of this title and shall be made available for grants  
13 under this section.

14 “(h) LIMITATION ON FUNDING FOR MITIGATION AC-  
15 TIVITIES FOR SEVERE REPETITIVE LOSS STRUCTURES.—  
16 The amount used pursuant to section 1310(a)(8) in any  
17 fiscal year may not exceed \$40,000,000 and shall remain  
18 available until expended.

19 “(i) DEFINITIONS.—For purposes of this section, the  
20 following definitions shall apply:

21 “(1) COMMUNITY.—The term ‘community’  
22 means—

23 “(A) a political subdivision that—

1                   “(i) has zoning and building code ju-  
2                   risdiction over a particular area having  
3                   special flood hazards, and

4                   “(ii) is participating in the national  
5                   flood insurance program; or

6                   “(B) a political subdivision of a State, or  
7                   other authority, that is designated by political  
8                   subdivisions, all of which meet the requirements  
9                   of subparagraph (A), to administer grants for  
10                  mitigation activities for such political subdivi-  
11                  sions.

12                  “(2) REPETITIVE LOSS STRUCTURE.—The term  
13                  ‘repetitive loss structure’ has the meaning given  
14                  such term in section 1370.

15                  “(3) SEVERE REPETITIVE LOSS STRUCTURE.—  
16                  The term ‘severe repetitive loss structure’ means a  
17                  structure that—

18                         “(A) is covered under a contract for flood  
19                         insurance made available under this title; and

20                         “(B) has incurred flood-related damage—

21                                 “(i) for which 4 or more separate  
22                                 claims payments have been made under  
23                                 flood insurance coverage under this title,  
24                                 with the amount of each such claim ex-  
25                                 ceeding \$15,000, and with the cumulative

1 amount of such claims payments exceeding  
2 \$60,000; or

3 “(ii) for which at least 2 separate  
4 claims payments have been made under  
5 such coverage, with the cumulative amount  
6 of such claims exceeding the value of the  
7 insured structure.”.

8 (b) ELIMINATION OF GRANTS PROGRAM FOR REPETITIVE  
9 INSURANCE CLAIMS PROPERTIES.—Chapter I of  
10 the National Flood Insurance Act of 1968 is amended by  
11 striking section 1323 (42 U.S.C. 4030).

12 (c) ELIMINATION OF PILOT PROGRAM FOR MITIGATION  
13 OF SEVERE REPETITIVE LOSS PROPERTIES.—Chapter  
14 III of the National Flood Insurance Act of 1968 is  
15 amended by striking section 1361A (42 U.S.C. 4102a).

16 (d) NATIONAL FLOOD INSURANCE FUND.—Section  
17 1310(a) of the National Flood Insurance Act of 1968 (42  
18 U.S.C. 4017(a)) is amended—

19 (1) in paragraph (6), by inserting “and” after  
20 the semicolon;

21 (2) in paragraph (7), by striking the semicolon  
22 and inserting a period; and

23 (3) by striking paragraphs (8) and (9).



1 (e) NATIONAL FLOOD MITIGATION FUND.—Section  
2 1367 of the National Flood Insurance Act of 1968 (42  
3 U.S.C. 4104d) is amended—

4 (1) in subsection (b)—

5 (A) by striking paragraph (1) and insert-  
6 ing the following new paragraph:

7 “(1) in each fiscal year, from the National  
8 Flood Insurance Fund in amounts not exceeding  
9 \$90,000,000 to remain available until expended, of  
10 which—

11 “(A) not more than \$40,000,000 shall be  
12 available pursuant to subsection (a) of this sec-  
13 tion only for assistance described in section  
14 1366(a)(1);

15 “(B) not more than \$40,000,000 shall be  
16 available pursuant to subsection (a) of this sec-  
17 tion only for assistance described in section  
18 1366(a)(2); and

19 “(C) not more than \$10,000,000 shall be  
20 available pursuant to subsection (a) of this sec-  
21 tion only for assistance described in section  
22 1366(a)(3).”.

23 (B) in paragraph (3), by striking “section  
24 1366(i)” and inserting “section 1366(e)”;

1           (2) in subsection (c), by striking “sections 1366  
2           and 1323” and inserting “section 1366”;

3           (3) by redesignating subsections (d) and (e) as  
4           subsections (f) and (g), respectively; and

5           (4) by inserting after subsection (c) the fol-  
6           lowing new subsections:

7           “(d) PROHIBITION ON OFFSETTING COLLECTIONS.—  
8           Notwithstanding any other provision of this title, amounts  
9           made available pursuant to this section shall not be sub-  
10          ject to offsetting collections through premium rates for  
11          flood insurance coverage under this title.

12          “(e) CONTINUED AVAILABILITY AND REALLOCA-  
13          TION.—Any amounts made available pursuant to subpara-  
14          graph (A), (B), or (C) of subsection (b)(1) that are not  
15          used in any fiscal year shall continue to be available for  
16          the purposes specified in such subparagraph of subsection  
17          (b)(1) pursuant to which such amounts were made avail-  
18          able, unless the Administrator determines that realloca-  
19          tion of such unused amounts to meet demonstrated need  
20          for other mitigation activities under section 1366 is in the  
21          best interest of the National Flood Insurance Fund.”.

22          (f) INCREASED COST OF COMPLIANCE COVERAGE.—  
23          Section 1304(b)(4) of the National Flood Insurance Act  
24          of 1968 (42 U.S.C. 4011(b)(4)) is amended—

25                 (1) by striking subparagraph (B); and

1           (2) by redesignating subparagraphs (C), (D),  
2           and (E) as subparagraphs (B), (C), and (D), respec-  
3           tively.

4 **SEC. 352. NOTIFICATION TO HOMEOWNERS REGARDING**  
5                           **MANDATORY PURCHASE REQUIREMENT AP-**  
6                           **PLICABILITY AND RATE PHASE-INS.**

7           Section 201 of the Flood Disaster Protection Act of  
8           1973 (42 U.S.C. 4105) is amended by adding at the end  
9           the following new subsection:

10           “(f) ANNUAL NOTIFICATION.—The Administrator, in  
11           consultation with affected communities, shall establish and  
12           carry out a plan to notify residents of areas having special  
13           flood hazards, on an annual basis—

14                   “(1) that they reside in such an area;

15                   “(2) of the geographical boundaries of such  
16           area;

17                   “(3) of whether section 1308(g) of the National  
18           Flood Insurance Act of 1968 applies to properties  
19           within such area;

20                   “(4) of the provisions of section 102 requiring  
21           purchase of flood insurance coverage for properties  
22           located in such an area, including the date on which  
23           such provisions apply with respect to such area, tak-  
24           ing into consideration section 102(i); and

1           “(5) of a general estimate of what similar  
2           homeowners in similar areas typically pay for flood  
3           insurance coverage, taking into consideration section  
4           1308(g) of the National Flood Insurance Act of  
5           1968.”.

6   **SEC. 353. NOTIFICATION TO MEMBERS OF CONGRESS OF**  
7                           **FLOOD MAP REVISIONS AND UPDATES.**

8           Section 1360 of the National Flood Insurance Act of  
9           1968 (42 U.S.C. 4101), as amended by the preceding pro-  
10          visions of this subtitle, is further amended by adding at  
11          the end the following new subsection:

12          “(1) NOTIFICATION TO MEMBERS OF CONGRESS OF  
13          MAP MODERNIZATION.—Upon any revision or update of  
14          any floodplain area or flood-risk zone pursuant to sub-  
15          section (f), any decision pursuant to subsection (f)(1) that  
16          such revision or update is necessary, any issuance of pre-  
17          liminary maps for such revision or updating, or any other  
18          significant action relating to any such revision or update,  
19          the Administrator shall notify the Senators for each State  
20          affected, and each Member of the House of Representa-  
21          tives for each congressional district affected, by such revi-  
22          sion or update in writing of the action taken.”.

1 **SEC. 354. NOTIFICATION AND APPEAL OF MAP CHANGES;**  
2 **NOTIFICATION TO COMMUNITIES OF ESTAB-**  
3 **LISHMENT OF FLOOD ELEVATIONS.**

4 Section 1363 of the National Flood Insurance Act of  
5 1968 (42 U.S.C. 4104) is amended by striking the section  
6 designation and all that follows through the end of sub-  
7 section (a) and inserting the following:

8 “SEC. 1363. (a) In establishing projected flood ele-  
9 vations for land use purposes with respect to any commu-  
10 nity pursuant to section 1361, the Director shall first pro-  
11 pose such determinations—

12 “(1) by providing the chief executive officer of  
13 each community affected by the proposed elevations,  
14 by certified mail, with a return receipt requested,  
15 notice of the elevations, including a copy of the maps  
16 for the elevations for such community and a state-  
17 ment explaining the process under this section to ap-  
18 peal for changes in such elevations;

19 “(2) by causing notice of such elevations to be  
20 published in the Federal Register, which notice shall  
21 include information sufficient to identify the ele-  
22 vation determinations and the communities affected,  
23 information explaining how to obtain copies of the  
24 elevations, and a statement explaining the process  
25 under this section to appeal for changes in the ele-  
26 vations;

1           “(3) by publishing in a prominent local news-  
2           paper the elevations, a description of the appeals  
3           process for flood determinations, and the mailing ad-  
4           dress and telephone number of a person the owner  
5           may contact for more information or to initiate an  
6           appeal; and

7           “(4) by providing written notification, by first  
8           class mail, to each owner of real property affected by  
9           the proposed elevations of—

10                   “(A) the status of such property, both  
11                   prior to and after the effective date of the pro-  
12                   posed determination, with respect to flood zone  
13                   and flood insurance requirements under this  
14                   Act and the Flood Disaster Protection Act of  
15                   1973;

16                   “(B) the process under this section to ap-  
17                   peal a flood elevation determination; and

18                   “(C) the mailing address and phone num-  
19                   ber of a person the owner may contact for more  
20                   information or to initiate an appeal.”.

21 **SEC. 355. NOTIFICATION TO TENANTS OF AVAILABILITY OF**  
22 **CONTENTS INSURANCE.**

23           The National Flood Insurance Act of 1968 is amend-  
24           ed by inserting after section 1308 (42 U.S.C. 4015) the  
25           following new section:

1 **“SEC. 1308A. NOTIFICATION TO TENANTS OF AVAILABILITY**  
2 **OF CONTENTS INSURANCE.**

3 “(a) IN GENERAL.—The Administrator shall, upon  
4 entering into a contract for flood insurance coverage under  
5 this title for any property—

6 “(1) provide to the insured sufficient copies of  
7 the notice developed pursuant to subsection (b); and

8 “(2) require the insured to provide a copy of  
9 the notice, or otherwise provide notification of the  
10 information under subsection (b) in the manner that  
11 the manager or landlord deems most appropriate, to  
12 each such tenant and to each new tenant upon com-  
13 mencement of such a tenancy.

14 “(b) NOTICE.—Notice to a tenant of a property in  
15 accordance with this subsection is written notice that  
16 clearly informs a tenant—

17 “(1) whether the property is located in an area  
18 having special flood hazards;

19 “(2) that flood insurance coverage is available  
20 under the national flood insurance program under  
21 this title for contents of the unit or structure leased  
22 by the tenant;

23 “(3) of the maximum amount of such coverage  
24 for contents available under this title at that time;  
25 and

1           “(4) of where to obtain information regarding  
2           how to obtain such coverage, including a telephone  
3           number, mailing address, and Internet site of the  
4           Administrator where such information is available.”.

5   **SEC. 356. NOTIFICATION TO POLICY HOLDERS REGARDING**  
6                           **DIRECT MANAGEMENT OF POLICY BY FEMA.**

7           Part C of chapter II of the National Flood Insurance  
8   Act of 1968 (42 U.S.C. 4081 et seq.) is amended by add-  
9   ing at the end the following new section:

10 **“SEC. 1349. NOTIFICATION TO POLICY HOLDERS REGARD-**  
11                           **ING DIRECT MANAGEMENT OF POLICY BY**  
12                           **FEMA.**

13           “(a) NOTIFICATION.—Not later than 60 days before  
14   the date on which a transferred flood insurance policy ex-  
15   pires, and annually thereafter until such time as the Fed-  
16   eral Emergency Management Agency is no longer directly  
17   administering such policy, the Administrator shall notify  
18   the holder of such policy that—

19           “(1) the Federal Emergency Management  
20   Agency is directly administering the policy;

21           “(2) such holder may purchase flood insurance  
22   that is directly administered by an insurance com-  
23   pany; and

24           “(3) purchasing flood insurance offered under  
25   the National Flood Insurance Program that is di-



1 rectly administered by an insurance company will  
2 not alter the coverage provided or the premiums  
3 charged to such holder that otherwise would be pro-  
4 vided or charged if the policy was directly adminis-  
5 tered by the Federal Emergency Management Agen-  
6 cy.

7 “(b) DEFINITION.—In this section, the term ‘trans-  
8 ferred flood insurance policy’ means a flood insurance pol-  
9 icy that—

10 “(1) was directly administered by an insurance  
11 company at the time the policy was originally pur-  
12 chased by the policy holder; and

13 “(2) at the time of renewal of the policy, direct  
14 administration of the policy was or will be trans-  
15 ferred to the Federal Emergency Management Agen-  
16 cy.”.

17 **SEC. 357. NOTICE OF AVAILABILITY OF FLOOD INSURANCE**  
18 **AND ESCROW IN RESPA GOOD FAITH ESTI-**  
19 **MATE.**

20 Subsection (c) of section 5 of the Real Estate Settle-  
21 ment Procedures Act of 1974 (12 U.S.C. 2604(c)) is  
22 amended by adding at the end the following new sentence:  
23 “Each such good faith estimate shall include the following  
24 conspicuous statements and information: (1) that flood in-  
25 surance coverage for residential real estate is generally

1 available under the national flood insurance program  
2 whether or not the real estate is located in an area having  
3 special flood hazards and that, to obtain such coverage,  
4 a home owner or purchaser should contact the national  
5 flood insurance program; (2) a telephone number and a  
6 location on the Internet by which a home owner or pur-  
7 chaser can contact the national flood insurance program;  
8 and (3) that the escrowing of flood insurance payments  
9 is required for many loans under section 102(d) of the  
10 Flood Disaster Protection Act of 1973, and may be a con-  
11 venient and available option with respect to other loans.”.

12 **SEC. 358. REIMBURSEMENT FOR COSTS INCURRED BY**  
13 **HOMEOWNERS AND COMMUNITIES OBTAIN-**  
14 **ING LETTERS OF MAP AMENDMENT OR REVI-**  
15 **SION.**

16 (a) IN GENERAL.—Section 1360 of the National  
17 Flood Insurance Act of 1968 (42 U.S.C. 4101), as amend-  
18 ed by the preceding provisions of this subtitle, is further  
19 amended by adding at the end the following new sub-  
20 section:

21 “(m) REIMBURSEMENT.—

22 “(1) REQUIREMENT UPON BONA FIDE  
23 ERROR.—If an owner of any property located in an  
24 area described in section 102(i)(3) of the Flood Dis-  
25 aster Protection Act of 1973, or a community in

1       which such a property is located, obtains a letter of  
2       map amendment, or a letter of map revision, due to  
3       a bona fide error on the part of the Administrator  
4       of the Federal Emergency Management Agency, the  
5       Administrator shall reimburse such owner, or such  
6       entity or jurisdiction acting on such owner's behalf,  
7       or such community, as applicable, for any reasonable  
8       costs incurred in obtaining such letter.

9               “(2) REASONABLE COSTS.—The Administrator  
10       shall, by regulation or notice, determine a reasonable  
11       amount of costs to be reimbursed under paragraph  
12       (1), except that such costs shall not include legal or  
13       attorneys fees. In determining the reasonableness of  
14       costs, the Administrator shall only consider the ac-  
15       tual costs to the owner or community, as applicable,  
16       of utilizing the services of an engineer, surveyor, or  
17       similar services.”.

18       (b) REGULATIONS.—Not later than 90 days after the  
19       date of the enactment of this Act, the Administrator of  
20       the Federal Emergency Management Agency shall issue  
21       the regulations or notice required under section  
22       1360(m)(2) of the National Flood Insurance Act of 1968,  
23       as added by the amendment made by subsection (a) of  
24       this section.

1 **SEC. 359. ENHANCED COMMUNICATION WITH CERTAIN**  
2 **COMMUNITIES DURING MAP UPDATING**  
3 **PROCESS.**

4 Section 1360 of the National Flood Insurance Act of  
5 1968 (42 U.S.C. 4101), as amended by the preceding pro-  
6 visions of this subtitle, is further amended by adding at  
7 the end the following new subsection:

8 “(n) ENHANCED COMMUNICATION WITH CERTAIN  
9 COMMUNITIES DURING MAP UPDATING PROCESS.—In  
10 updating flood insurance maps under this section, the Ad-  
11 ministrator shall communicate with communities located  
12 in areas where flood insurance rate maps have not been  
13 updated in 20 years or more and the appropriate State  
14 emergency agencies to resolve outstanding issues, provide  
15 technical assistance, and disseminate all necessary infor-  
16 mation to reduce the prevalence of outdated maps in flood-  
17 prone areas.”.

18 **SEC. 360. NOTIFICATION TO RESIDENTS NEWLY INCLUDED**  
19 **IN FLOOD HAZARD AREAS.**

20 Section 1360 of the National Flood Insurance Act of  
21 1968 (42 U.S.C. 4101), as amended by the preceding pro-  
22 visions of this subtitle, is further amended by adding at  
23 the end the following new subsection:

24 “(o) NOTIFICATION TO RESIDENTS NEWLY IN-  
25 CLUDED IN FLOOD HAZARD AREA.—In revising or updat-  
26 ing any areas having special flood hazards, the Adminis-

1 trator shall provide to each owner of a property to be  
2 newly included in such a special flood hazard area, at the  
3 time of issuance of such proposed revised or updated flood  
4 insurance maps, a copy of the proposed revised or updated  
5 flood insurance maps together with information regarding  
6 the appeals process under section 1363 of the National  
7 Flood Insurance Act of 1968 (42 U.S.C. 4104).”.

8 **SEC. 361. TREATMENT OF SWIMMING POOL ENCLOSURES**  
9 **OUTSIDE OF HURRICANE SEASON.**

10 Chapter I of the National Flood Insurance Act of  
11 1968 (42 U.S.C. 4001 et seq.) is amended by adding at  
12 the end the following new section:

13 **“SEC. 1325. TREATMENT OF SWIMMING POOL ENCLOSURES**  
14 **OUTSIDE OF HURRICANE SEASON.**

15 “In the case of any property that is otherwise in com-  
16 pliance with the coverage and building requirements of the  
17 national flood insurance program, the presence of an en-  
18 closed swimming pool located at ground level or in the  
19 space below the lowest floor of a building after November  
20 30 and before June 1 of any year shall have no effect on  
21 the terms of coverage or the ability to receive coverage  
22 for such building under the national flood insurance pro-  
23 gram established pursuant to this title, if the pool is en-  
24 closed with non-supporting breakaway walls.”.

1 **SEC. 362. INFORMATION REGARDING MULTIPLE PERILS**  
2 **CLAIMS.**

3 Section 1345 of the National Flood Insurance Act of  
4 1968 (42 U.S.C. 4081) is amended by adding at the end  
5 the following new subsection:

6 “(d) INFORMATION REGARDING MULTIPLE PERILS  
7 CLAIMS.—

8 “(1) IN GENERAL.—Subject to paragraph (2),  
9 if an insured having flood insurance coverage under  
10 a policy issued under the program under this title by  
11 the Administrator or a company, insurer, or entity  
12 offering flood insurance coverage under such pro-  
13 gram (in this subsection referred to as a ‘partici-  
14 pating company’) has wind or other homeowners  
15 coverage from any company, insurer, or other entity  
16 covering property covered by such flood insurance, in  
17 the case of damage to such property that may have  
18 been caused by flood or by wind, the Administrator  
19 and the participating company, upon the request of  
20 the insured, shall provide to the insured, within 30  
21 days of such request—

22 “(A) a copy of the estimate of structure  
23 damage;

24 “(B) proofs of loss;

25 “(C) any expert or engineering reports or  
26 documents commissioned by or relied upon by

1 the Administrator or participating company in  
2 determining whether the damage was caused by  
3 flood or any other peril; and

4 “(D) the Administrator’s or the partici-  
5 pating company’s final determination on the  
6 claim.

7 “(2) TIMING.—Paragraph (1) shall apply only  
8 with respect to a request described in such para-  
9 graph made by an insured after the Administrator  
10 or the participating company, or both, as applicable,  
11 have issued a final decision on the flood claim in-  
12 volved and resolution of all appeals with respect to  
13 such claim.”.

14 **SEC. 363. FEMA AUTHORITY TO REJECT TRANSFER OF**  
15 **POLICIES.**

16 Section 1345 of the National Flood Insurance Act of  
17 1968 (42 U.S.C. 4081) is amended by adding at the end  
18 the following new subsection:

19 “(e) FEMA AUTHORITY TO REJECT TRANSFER OF  
20 POLICIES.—Notwithstanding any other provision of this  
21 Act, the Administrator may, at the discretion of the Ad-  
22 ministrator, refuse to accept the transfer of the adminis-  
23 tration of policies for coverage under the flood insurance  
24 program under this title that are written and administered

1 by any insurance company or other insurer, or any insur-  
2 ance agent or broker.”.

3 **SEC. 364. APPEALS.**

4 (a) TELEVISION AND RADIO ANNOUNCEMENT.—Sec-  
5 tion 1363 of the National Flood Insurance Act of 1968  
6 (42 U.S.C. 4104) is amended—

7 (1) in subsection (a), by inserting after “deter-  
8 minations” by inserting the following: “by notifying  
9 a local television and radio station,”; and

10 (2) in the first sentence of subsection (b), by in-  
11 sserting before the period at the end the following:  
12 “and shall notify a local television and radio station  
13 at least once during the same 10-day period”.

14 (b) EXTENSION OF APPEALS PERIOD.—Subsection  
15 (b) of section 1363 of the National Flood Insurance Act  
16 of 1968 (42 U.S.C. 4104(b)) is amended—

17 (1) by striking “(b) The Director” and insert-  
18 ing “(b)(1) The Administrator”; and

19 (2) by adding at the end the following new  
20 paragraph:

21 “(2) The Administrator shall grant an extension of  
22 the 90-day period for appeals referred to in paragraph (1)  
23 for 90 additional days if an affected community certifies  
24 to the Administrator, after the expiration of at least 60  
25 days of such period, that the community—



1           “(A) believes there are property owners or les-  
2           sees in the community who are unaware of such pe-  
3           riod for appeals; and

4           “(B) will utilize the extension under this para-  
5           graph to notify property owners or lessees who are  
6           affected by the proposed flood elevation determina-  
7           tions of the period for appeals and the opportunity  
8           to appeal the determinations proposed by the Ad-  
9           ministrators.”.

10          (c) **APPLICABILITY.**—The amendments made by sub-  
11          sections (a) and (b) shall apply with respect to any flood  
12          elevation determination for any area in a community that  
13          has not, as of the date of the enactment of this Act, been  
14          issued a Letter of Final Determination for such deter-  
15          mination under the flood insurance map modernization  
16          process.

17          **SEC. 365. RESERVE FUND.**

18          (a) **ESTABLISHMENT.**—Chapter I of the National  
19          Flood Insurance Act of 1968 is amended by inserting after  
20          section 1310 (42 U.S.C. 4017) the following new section:

21          **“SEC. 1310A. RESERVE FUND.**

22          “(a) **ESTABLISHMENT OF RESERVE FUND.**—In car-  
23          rying out the flood insurance program authorized by this  
24          title, the Administrator shall establish in the Treasury of  
25          the United States a National Flood Insurance Reserve

1 Fund (in this section referred to as the ‘Reserve Fund’)  
2 which shall—

3           “(1) be an account separate from any other ac-  
4 counts or funds available to the Administrator; and  
5           “(2) be available for meeting the expected fu-  
6 ture obligations of the flood insurance program.

7           “(b) RESERVE RATIO.—Subject to the phase-in re-  
8 quirements under subsection (d), the Reserve Fund shall  
9 maintain a balance equal to—

10           “(1) 1 percent of the sum of the total potential  
11 loss exposure of all outstanding flood insurance poli-  
12 cies in force in the prior fiscal year; or

13           “(2) such higher percentage as the Adminis-  
14 trator determines to be appropriate, taking into con-  
15 sideration any circumstance that may raise a signifi-  
16 cant risk of substantial future losses to the Reserve  
17 Fund.

18           “(c) MAINTENANCE OF RESERVE RATIO.—

19           “(1) IN GENERAL.—The Administrator shall  
20 have the authority to establish, increase, or decrease  
21 the amount of aggregate annual insurance premiums  
22 to be collected for any fiscal year necessary—

23           “(A) to maintain the reserve ratio required  
24 under subsection (b); and

1           “(B) to achieve such reserve ratio, if the  
2           actual balance of such reserve is below the  
3           amount required under subsection (b).

4           “(2) CONSIDERATIONS.—In exercising the au-  
5           thority under paragraph (1), the Administrator shall  
6           consider—

7           “(A) the expected operating expenses of  
8           the Reserve Fund;

9           “(B) the insurance loss expenditures under  
10          the flood insurance program;

11          “(C) any investment income generated  
12          under the flood insurance program; and

13          “(D) any other factor that the Adminis-  
14          trator determines appropriate.

15          “(3) LIMITATIONS.—In exercising the authority  
16          under paragraph (1), the Administrator shall be  
17          subject to all other provisions of this Act, including  
18          any provisions relating to chargeable premium rates  
19          and annual increases of such rates.

20          “(d) PHASE-IN REQUIREMENTS.—The phase-in re-  
21          quirements under this subsection are as follows:

22                 “(1) IN GENERAL.—Beginning in fiscal year  
23                 2012 and not ending until the fiscal year in which  
24                 the ratio required under subsection (b) is achieved,  
25                 in each such fiscal year the Administrator shall

1 place in the Reserve Fund an amount equal to not  
2 less than 7.5 percent of the reserve ratio required  
3 under subsection (b).

4 “(2) AMOUNT SATISFIED.—As soon as the ratio  
5 required under subsection (b) is achieved, and except  
6 as provided in paragraph (3), the Administrator  
7 shall not be required to set aside any amounts for  
8 the Reserve Fund.

9 “(3) EXCEPTION.—If at any time after the  
10 ratio required under subsection (b) is achieved, the  
11 Reserve Fund falls below the required ratio under  
12 subsection (b), the Administrator shall place in the  
13 Reserve Fund for that fiscal year an amount equal  
14 to not less than 7.5 percent of the reserve ratio re-  
15 quired under subsection (b).

16 “(e) LIMITATION ON RESERVE RATIO.—In any given  
17 fiscal year, if the Administrator determines that the re-  
18 serve ratio required under subsection (b) cannot be  
19 achieved, the Administrator shall submit a report to the  
20 Congress that—

21 “(1) describes and details the specific concerns  
22 of the Administrator regarding such consequences;

23 “(2) demonstrates how such consequences  
24 would harm the long-term financial soundness of the  
25 flood insurance program; and

1           “(3) indicates the maximum attainable reserve  
2           ratio for that particular fiscal year.

3           “(f) AVAILABILITY OF AMOUNTS.—The reserve ratio  
4           requirements under subsection (b) and the phase-in re-  
5           quirements under subsection (d) shall be subject to the  
6           availability of amounts in the National Flood Insurance  
7           Fund for transfer under section 1310(a)(10), as provided  
8           in section 1310(f).”.

9           (b) FUNDING.—Subsection (a) of section 1310 of the  
10          National Flood Insurance Act of 1968 (42 U.S.C.  
11          4017(a)) is amended—

12           (1) in paragraph (8), by striking “and” at the  
13          end;

14           (2) in paragraph (9), by striking the period at  
15          the end and inserting “; and”; and

16           (3) by adding at the end the following new  
17          paragraph:

18           “(10) for transfers to the National Flood Insur-  
19          ance Reserve Fund under section 1310A, in accord-  
20          ance with such section.”.

21          **SEC. 366. CDBG ELIGIBILITY FOR FLOOD INSURANCE OUT-**  
22                                 **REACH ACTIVITIES AND COMMUNITY BUILD-**  
23                                 **ING CODE ADMINISTRATION GRANTS.**

24          Section 105(a) of the Housing and Community De-  
25          velopment Act of 1974 (42 U.S.C. 5305(a)) is amended—

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

3           (2) in paragraph (25), by striking the period at  
4           the end and inserting a semicolon; and

5           (3) by adding at the end the following new  
6           paragraphs:

7           “(26) supplementing existing State or local  
8           funding for administration of building code enforce-  
9           ment by local building code enforcement depart-  
10          ments, including for increasing staffing, providing  
11          staff training, increasing staff competence and pro-  
12          fessional qualifications, and supporting individual  
13          certification or departmental accreditation, and for  
14          capital expenditures specifically dedicated to the ad-  
15          ministration of the building code enforcement de-  
16          partment, except that, to be eligible to use amounts  
17          as provided in this paragraph—

18                 “(A) a building code enforcement depart-  
19                 ment shall provide matching, non-Federal funds  
20                 to be used in conjunction with amounts used  
21                 under this paragraph in an amount—

22                         “(i) in the case of a building code en-  
23                         forcement department serving an area with  
24                         a population of more than 50,000, equal to  
25                         not less than 50 percent of the total

1 amount of any funds made available under  
2 this title that are used under this para-  
3 graph;

4 “(ii) in the case of a building code en-  
5 forcement department serving an area with  
6 a population of between 20,001 and  
7 50,000, equal to not less than 25 percent  
8 of the total amount of any funds made  
9 available under this title that are used  
10 under this paragraph; and

11 “(iii) in the case of a building code  
12 enforcement department serving an area  
13 with a population of less than 20,000,  
14 equal to not less than 12.5 percent of the  
15 total amount of any funds made available  
16 under this title that are used under this  
17 paragraph,

18 except that the Secretary may waive the match-  
19 ing fund requirements under this subparagraph,  
20 in whole or in part, based upon the level of eco-  
21 nomic distress of the jurisdiction in which is lo-  
22 cated the local building code enforcement de-  
23 partment that is using amounts for purposes  
24 under this paragraph, and shall waive such  
25 matching fund requirements in whole for any

1 recipient jurisdiction that has dedicated all  
2 building code permitting fees to the conduct of  
3 local building code enforcement; and

4 “(B) any building code enforcement de-  
5 partment using funds made available under this  
6 title for purposes under this paragraph shall  
7 empanel a code administration and enforcement  
8 team consisting of at least 1 full-time building  
9 code enforcement officer, a city planner, and a  
10 health planner or similar officer; and

11 “(27) provision of assistance to local govern-  
12 mental agencies responsible for floodplain manage-  
13 ment activities (including such agencies of Indians  
14 tribes, as such term is defined in section 4 of the  
15 Native American Housing Assistance and Self-De-  
16 termination Act of 1996 (25 U.S.C. 4103)) in com-  
17 munities that participate in the national flood insur-  
18 ance program under the National Flood Insurance  
19 Act of 1968 (42 U.S.C. 4001 et seq.), only for car-  
20 rying out outreach activities to encourage and facili-  
21 tate the purchase of flood insurance protection  
22 under such Act by owners and renters of properties  
23 in such communities and to promote educational ac-  
24 tivities that increase awareness of flood risk reduc-  
25 tion; except that—



1           “(A) amounts used as provided under this  
2 paragraph shall be used only for activities de-  
3 signed to—

4           “(i) identify owners and renters of  
5 properties in communities that participate  
6 in the national flood insurance program,  
7 including owners of residential and com-  
8 mercial properties;

9           “(ii) notify such owners and renters  
10 when their properties become included in,  
11 or when they are excluded from, an area  
12 having special flood hazards and the effect  
13 of such inclusion or exclusion on the appli-  
14 cability of the mandatory flood insurance  
15 purchase requirement under section 102 of  
16 the Flood Disaster Protection Act of 1973  
17 (42 U.S.C. 4012a) to such properties;

18           “(iii) educate such owners and renters  
19 regarding the flood risk and reduction of  
20 this risk in their community, including the  
21 continued flood risks to areas that are no  
22 longer subject to the flood insurance man-  
23 datory purchase requirement;

24           “(iv) educate such owners and renters  
25 regarding the benefits and costs of main-

1           taining or acquiring flood insurance, in-  
2           cluding, where applicable, lower-cost pre-  
3           ferred risk policies under this title for such  
4           properties and the contents of such prop-  
5           erties;

6           “ (v) encourage such owners and rent-  
7           ers to maintain or acquire such coverage;

8           “ (vi) notify such owners of where to  
9           obtain information regarding how to obtain  
10          such coverage, including a telephone num-  
11          ber, mailing address, and Internet site of  
12          the Administrator of the Federal Emer-  
13          gency Management Agency (in this para-  
14          graph referred to as the ‘Administrator’)  
15          where such information is available; and

16          “ (vii) educate local real estate agents  
17          in communities participating in the na-  
18          tional flood insurance program regarding  
19          the program and the availability of cov-  
20          erage under the program for owners and  
21          renters of properties in such communities,  
22          and establish coordination and liaisons  
23          with such real estate agents to facilitate  
24          purchase of coverage under the National

1 Flood Insurance Act of 1968 and increase  
2 awareness of flood risk reduction;

3 “(B) in any fiscal year, a local govern-  
4 mental agency may not use an amount under  
5 this paragraph that exceeds 3 times the amount  
6 that the agency certifies, as the Secretary, in  
7 consultation with the Administrator, shall re-  
8 quire, that the agency will contribute from non-  
9 Federal funds to be used with such amounts  
10 used under this paragraph only for carrying out  
11 activities described in subparagraph (A); and  
12 for purposes of this subparagraph, the term  
13 ‘non-Federal funds’ includes State or local gov-  
14 ernment agency amounts, in-kind contributions,  
15 any salary paid to staff to carry out the eligible  
16 activities of the local governmental agency in-  
17 volved, the value of the time and services con-  
18 tributed by volunteers to carry out such services  
19 (at a rate determined by the Secretary), and  
20 the value of any donated material or building  
21 and the value of any lease on a building;

22 “(C) a local governmental agency that uses  
23 amounts as provided under this paragraph may  
24 coordinate or contract with other agencies and  
25 entities having particular capacities, specialties,

1 or experience with respect to certain popu-  
2 lations or constituencies, including elderly or  
3 disabled families or persons, to carry out activi-  
4 ties described in subparagraph (A) with respect  
5 to such populations or constituencies; and

6 “(D) each local government agency that  
7 uses amounts as provided under this paragraph  
8 shall submit a report to the Secretary and the  
9 Administrator, not later than 12 months after  
10 such amounts are first received, which shall in-  
11 clude such information as the Secretary and the  
12 Administrator jointly consider appropriate to  
13 describe the activities conducted using such  
14 amounts and the effect of such activities on the  
15 retention or acquisition of flood insurance cov-  
16 erage.”.

17 **SEC. 367. TECHNICAL CORRECTIONS.**

18 (a) FLOOD DISASTER PROTECTION ACT OF 1973.—  
19 The Flood Disaster Protection Act of 1973 (42 U.S.C.  
20 4002 et seq.) is amended—

21 (1) by striking “Director” each place such term  
22 appears, except in section 102(f)(3) (42 U.S.C.  
23 4012a(f)(3)), and inserting “Administrator”; and

1           (2) in section 201(b) (42 U.S.C. 4105(b)), by  
2 striking “Director’s” and inserting “Administra-  
3 tor’s”.

4           (b) NATIONAL FLOOD INSURANCE ACT OF 1968.—  
5 The National Flood Insurance Act of 1968 (42 U.S.C.  
6 4001 et seq.) is amended—

7           (1) by striking “Director” each place such term  
8 appears and inserting “Administrator”; and

9           (2) in section 1363 (42 U.S.C. 4104), by strik-  
10 ing “Director’s” each place such term appears and  
11 inserting “Administrator’s”.

12           (c) FEDERAL FLOOD INSURANCE ACT OF 1956.—  
13 Section 15(e) of the Federal Flood Insurance Act of 1956  
14 (42 U.S.C. 2414(e)) is amended by striking “Director”  
15 each place such term appears and inserting “Adminis-  
16 trator”.

17 **SEC. 368. REQUIRING COMPETITION FOR NATIONAL FLOOD**  
18 **INSURANCE PROGRAM POLICIES.**

19           (a) REPORT.—Not later than the expiration of the  
20 90-day period beginning upon the date of the enactment  
21 of this Act, the Administrator of the Federal Emergency  
22 Management Agency, in consultation with insurance com-  
23 panies, insurance agents and other organizations with  
24 which the Administrator has contracted, shall submit to  
25 the Congress a report describing procedures and policies

1 that the Administrator shall implement to limit the per-  
2 centage of policies for flood insurance coverage under the  
3 national flood insurance program that are directly man-  
4 aged by the Agency to not more than 10 percent of the  
5 aggregate number of flood insurance policies in force  
6 under such program.

7 (b) IMPLEMENTATION.—Upon submission of the re-  
8 port under subsection (a) to the Congress, the Adminis-  
9 trator shall implement the policies and procedures de-  
10 scribed in the report. The Administrator shall, not later  
11 than the expiration of the 12-month period beginning  
12 upon submission of such report, reduce the number of  
13 policies for flood insurance coverage that are directly man-  
14 aged by the Agency, or by the Agency's direct servicing  
15 contractor that is not an insurer, to not more than 10  
16 percent of the aggregate number of flood insurance poli-  
17 cies in force as of the expiration of such 12-month period.

18 (c) CONTINUATION OF CURRENT AGENT RELATION-  
19 SHIPS.—In carrying out subsection (b), the Administrator  
20 shall ensure that—

21 (1) agents selling or servicing policies described  
22 in such subsection are not prevented from con-  
23 tinuing to sell or service such policies; and

1           (2) insurance companies are not prevented from  
2           waiving any limitation such companies could other-  
3           wise enforce to limit any such activity.

4 **SEC. 369. STUDIES OF VOLUNTARY COMMUNITY-BASED**  
5 **FLOOD INSURANCE OPTIONS.**

6           (a) STUDIES.—The Administrator of the Federal  
7 Emergency Management Agency and the Comptroller  
8 General of the United States shall each conduct a separate  
9 study to assess options, methods, and strategies for offer-  
10 ing voluntary community-based flood insurance policy op-  
11 tions and incorporating such options into the national  
12 flood insurance program. Such studies shall take into con-  
13 sideration and analyze how the policy options would affect  
14 communities having varying economic bases, geographic  
15 locations, flood hazard characteristics or classifications,  
16 and flood management approaches.

17           (b) REPORTS.—Not later than the expiration of the  
18 18-month period beginning on the date of the enactment  
19 of this Act, the Administrator of the Federal Emergency  
20 Management Agency and the Comptroller General of the  
21 United States shall each submit a report to the Committee  
22 on Financial Services of the House of Representatives and  
23 the Committee on Banking, Housing, and Urban Affairs  
24 of the Senate on the results and conclusions of the study  
25 such agency conducted under subsection (a), and each

1 such report shall include recommendations for the best  
2 manner to incorporate voluntary community-based flood  
3 insurance options into the national flood insurance pro-  
4 gram and for a strategy to implement such options that  
5 would encourage communities to undertake flood mitiga-  
6 tion activities.

7 **SEC. 370. REPORT ON INCLUSION OF BUILDING CODES IN**  
8 **FLOODPLAIN MANAGEMENT CRITERIA.**

9 Not later than the expiration of the 6-month period  
10 beginning on the date of the enactment of this Act, the  
11 Administrator of the Federal Emergency Management  
12 Agency shall conduct a study and submit a report to the  
13 Committee on Financial Services of the House of Rep-  
14 resentatives and the Committee on Banking, Housing, and  
15 Urban Affairs of the Senate regarding the impact, effec-  
16 tiveness, and feasibility of amending section 1361 of the  
17 National Flood Insurance Act of 1968 (42 U.S.C. 4102)  
18 to include widely used and nationally recognized building  
19 codes as part of the floodplain management criteria devel-  
20 oped under such section, and shall determine—

21 (1) the regulatory, financial, and economic im-  
22 pacts of such a building code requirement on home-  
23 owners, States and local communities, local land use  
24 policies, and the Federal Emergency Management  
25 Agency;



1           (2) the resources required of State and local  
2 communities to administer and enforce such a build-  
3 ing code requirement;

4           (3) the effectiveness of such a building code re-  
5 quirement in reducing flood-related damage to build-  
6 ings and contents;

7           (4) the impact of such a building code require-  
8 ment on the actuarial soundness of the National  
9 Flood Insurance Program;

10          (5) the effectiveness of nationally recognized  
11 codes in allowing innovative materials and systems  
12 for flood-resistant construction;

13          (6) the feasibility and effectiveness of providing  
14 an incentive in lower premium rates for flood insur-  
15 ance coverage under such Act for structures meeting  
16 whichever of such widely used and nationally recog-  
17 nized building code or any applicable local building  
18 code provides greater protection from flood damage;

19          (7) the impact of such a building code require-  
20 ment on rural communities with different building  
21 code challenges than more urban environments; and

22          (8) the impact of such a building code require-  
23 ment on Indian reservations.

1 **SEC. 371. STUDY ON GRADUATED RISK.**

2 (a) STUDY.—The National Academy of Sciences shall  
3 conduct a study exploring methods for understanding  
4 graduated risk behind levees and the associated land de-  
5 velopment, insurance, and risk communication dimensions,  
6 which shall—

7 (1) research, review, and recommend current  
8 best practices for estimating direct annualized flood  
9 losses behind levees for residential and commercial  
10 structures;

11 (2) rank such practices based on their best  
12 value, balancing cost, scientific integrity, and the in-  
13 herent uncertainties associated with all aspects of  
14 the loss estimate, including geotechnical engineering,  
15 flood frequency estimates, economic value, and direct  
16 damages;

17 (3) research, review, and identify current best  
18 floodplain management and land use practices be-  
19 hind levees that effectively balance social, economic,  
20 and environmental considerations as part of an over-  
21 all flood risk management strategy;

22 (4) identify examples where such practices have  
23 proven effective and recommend methods and proc-  
24 esses by which they could be applied more broadly  
25 across the United States, given the variety of dif-

1 ferent flood risks, State and local legal frameworks,  
2 and evolving judicial opinions;

3 (5) research, review, and identify a variety of  
4 flood insurance pricing options for flood hazards be-  
5 hind levees which are actuarially sound and based on  
6 the flood risk data developed using the top three  
7 best value approaches identified pursuant to para-  
8 graph (1);

9 (6) evaluate and recommend methods to reduce  
10 insurance costs through creative arrangements be-  
11 tween insureds and insurers while keeping a clear  
12 accounting of how much financial risk is being borne  
13 by various parties such that the entire risk is ac-  
14 counted for, including establishment of explicit limits  
15 on disaster aid or other assistance in the event of a  
16 flood; and

17 (7) taking into consideration the recommenda-  
18 tions pursuant to paragraphs (1) through (3), rec-  
19 ommend approaches to communicating the associ-  
20 ated risks to community officials, homeowners, and  
21 other residents.

22 (b) REPORT.—Not later than the expiration of the  
23 12-month period beginning on the date of the enactment  
24 of this Act, the National Academy of Sciences shall submit  
25 a report to the Committees on Financial Services and

1 Science, Space, and Technology of the House of Rep-  
2 resentatives and the Committees on Banking, Housing,  
3 and Urban Affairs and Commerce, Science and Transpor-  
4 tation of the Senate on the study under subsection (a) in-  
5 cluding the information and recommendations required  
6 under such subsection.

7 **SEC. 372. REPORT ON FLOOD-IN-PROGRESS DETERMINA-**  
8 **TION.**

9 The Administrator of the Federal Emergency Man-  
10 agement Agency shall review the processes and procedures  
11 for determining that a flood event has commenced or is  
12 in progress for purposes of flood insurance coverage made  
13 available under the national flood insurance program  
14 under the National Flood Insurance Act of 1968 and for  
15 providing public notification that such an event has com-  
16 menced or is in progress. In such review, the Adminis-  
17 trator shall take into consideration the effects and implica-  
18 tions that weather conditions, such as rainfall, snowfall,  
19 projected snowmelt, existing water levels, and other condi-  
20 tions have on the determination that a flood event has  
21 commenced or is in progress. Not later than the expiration  
22 of the 6-month period beginning upon the date of the en-  
23 actment of this Act, the Administrator shall submit a re-  
24 port to the Congress setting forth the results and conclu-  
25 sions of the review undertaken pursuant to this section

1 and any actions undertaken or proposed actions to be  
2 taken to provide for a more precise and technical deter-  
3 mination that a flooding event has commenced or is in  
4 progress.

5 **SEC. 373. STUDY ON REPAYING FLOOD INSURANCE DEBT.**

6 Not later than the expiration of the 6-month period  
7 beginning on the date of the enactment of this Act, the  
8 Administrator of the Federal Emergency Management  
9 Agency shall submit a report to the Congress setting forth  
10 a plan for repaying within 10 years all amounts, including  
11 any amounts previously borrowed but not yet repaid, owed  
12 pursuant to clause (2) of subsection (a) of section 1309  
13 of the National Flood Insurance Act of 1968 (42 U.S.C.  
14 4016(a)(2)).

15 **SEC. 374. NO CAUSE OF ACTION.**

16 No cause of action shall exist and no claim may be  
17 brought against the United States for violation of any no-  
18 tification requirement imposed upon the United States by  
19 this subtitle or any amendment made by this subtitle.

20 **SEC. 375. AUTHORITY FOR THE CORPS OF ENGINEERS TO**  
21 **PROVIDE SPECIALIZED OR TECHNICAL SERV-**  
22 **ICES.**

23 (a) IN GENERAL.—Notwithstanding any other provi-  
24 sion of law, upon the request of a State or local govern-  
25 ment, the Secretary of the Army may evaluate a levee sys-

1 tem that was designed or constructed by the Secretary for  
2 the purposes of the National Flood Insurance Program es-  
3 tablished under chapter 1 of the National Flood Insurance  
4 Act of 1968 (42 U.S.C. 4011 et seq.).

5 (b) REQUIREMENTS.—A levee system evaluation  
6 under subsection (a) shall—

7 (1) comply with applicable regulations related  
8 to areas protected by a levee system;

9 (2) be carried out in accordance with such pro-  
10 cedures as the Secretary, in consultation with the  
11 Administrator of the Federal Emergency Manage-  
12 ment Agency, may establish; and

13 (3) be carried out only if the State or local gov-  
14 ernment agrees to reimburse the Secretary for all  
15 cost associated with the performance of the activi-  
16 ties.