

103^D CONGRESS
2^D SESSION

H. R. 3191

IN THE SENATE OF THE UNITED STATES

MAY 4 (legislative day, MAY 2), 1994

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

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

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

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

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

1 (b) TABLE OF CONTENTS.—

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

TITLE I—DEFINITIONS

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

TITLE II—COMPLIANCE AND INCREASED PARTICIPATION

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

TITLE III—RATINGS AND INCENTIVES FOR COMMUNITY FLOODPLAIN MANAGEMENT PROGRAMS

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

TITLE IV—MITIGATION OF FLOOD RISKS

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

TITLE V—FLOOD INSURANCE TASK FORCE

- Sec. 501. Flood Insurance Interagency Task Force.

TITLE VI—MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

12 **TITLE I—DEFINITIONS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 **TITLE II—COMPLIANCE AND**
2 **INCREASED PARTICIPATION**

3 **SEC. 201. EXISTING FLOOD INSURANCE PURCHASE RE-**
4 **QUIREMENTS.**

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

7 (1) by inserting after “(a)” the following: “RE-
8 QUIREMENT FOR FEDERAL ASSISTANCE FOR ACQUI-
9 SITION OR CONSTRUCTION.—”; and

10 (2) by adding at the end the following new sen-
11 tence: “This subsection may not be construed to per-
12 mit the provision of any amount of financial assist-
13 ance with respect to any building or mobile home
14 and related personal property for which flood insur-
15 ance is required under this subsection, unless the re-
16 quirements under this subsection are complied with
17 in full. The prohibitions and requirements of this
18 subsection relating to financial assistance may not
19 be waived for any purpose.”.

20 **SEC. 202. EXPANDED FLOOD INSURANCE PURCHASE RE-**
21 **QUIREMENTS.**

22 Section 102(b) of the Flood Disaster Protection Act
23 of 1973 (42 U.S.C. 4012a(b)) is amended to read as fol-
24 lows:

25 “(b) REQUIREMENT FOR MORTGAGE LOANS.—

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

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

stitutions Examination Council) shall by regulation direct that—

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

“(B) any loan that is—

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

1 the National Flood Insurance Act of 1968,
2 and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 “(3) LOANS TRANSFERRED BY FDIC.—

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

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

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

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

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

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

10 “(4) LOANS TRANSFERRED BY RTC.—

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

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

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

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

16 “(5) LOANS TRANSFERRED BY NCUA.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 “NOTICE REQUIREMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 “STANDARD HAZARD DETERMINATION FORMS

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

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

10 “(b) DESIGN AND CONTENTS.—

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

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

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

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

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

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

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

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

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

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

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

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

14 “(2) REPORT.—

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

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

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

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

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

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

19 “(2) REPORT.—

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

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

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

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

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

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

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

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

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

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

19 “(3) REPORT.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 **SEC. 302. FUNDING.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 “MITIGATION ASSISTANCE

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

19 “(b) PLANNING ASSISTANCE GRANTS.—

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

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

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

3 “(3) LIMITATIONS.—

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

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

10 “(i) \$150,000, to any State; or

11 “(ii) \$50,000, to any community.

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

17 “(c) ELIGIBILITY FOR MITIGATION ASSISTANCE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 “(e) ELIGIBLE MITIGATION ACTIVITIES.—

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

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

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

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

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

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

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

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

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

17 “(E) beach nourishment activities;

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

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

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

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

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

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

9 “(A) \$10,000,000, to any State;

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

11 “(C) \$20,000, to any individual.

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

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

1 “(g) MATCHING REQUIREMENT.—

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

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

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

8 “(i) RECAPTURE.—

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

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

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

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

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

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

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

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

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

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

7 “NATIONAL FLOOD MITIGATION FUND

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (1) identify potential activities related to repair,
19 reconstruction, or otherwise achieving mitigation re-
20 quired to comply with standards under the national
21 flood insurance program and local building codes,
22 and evaluate the costs of such activities;

23 (2) evaluate how such insurance coverage could
24 be utilized to achieve economically justified acquisi-

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

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

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

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

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

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

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

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

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

11 (b) MEMBERSHIP.—

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

15 (A) the Federal Insurance Administrator;

16 (B) the Federal Housing Commissioner;

17 (C) the Secretary of Veterans Affairs;

18 (D) the Administrator of the Farmers

19 Home Administration;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 (2) by striking paragraph (6).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (b) MEMBERSHIP.—

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

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

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

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

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

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

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

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

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

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

1 (c) DUTIES.—The Council shall—

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

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

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

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

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

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

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

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

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

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

7 (g) MEETINGS AND ACTIONS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (5) determine the costs and benefits of expendi-
4 tures necessary from the National Flood Insurance
5 Fund to complete mapping of erosion hazard areas.

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

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

16 (1) assess the economic impact of—

17 (A) the mapping of erosion hazard areas;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (f) PROCEDURE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (2) for each such area, determine—

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

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

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

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

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

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

14 (1) December 31, 1974; or

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

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

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

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

7 “(c) EFFECTIVE DATE OF POLICIES.—

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

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

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

17 **SEC. 610. REGULATIONS.**

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

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

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

Passed the House of Representatives May 3, 1994.

Attest: DONNALD K. ANDERSON,
Clerk.

HR 3191 RFS—2

HR 3191 RFS—3

HR 3191 RFS—4

HR 3191 RFS—5

HR 3191 RFS—6

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