

103D CONGRESS
2D SESSION

H. R. 4052

To improve the National Flood Insurance Program.

IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 1994

Mr. BACCHUS of Florida (for himself, Mr. BAKER of Louisiana, Mr. MCCOLLUM, Mr. LAZIO, Mr. FAZIO, Mr. JOHNSTON of Florida, Mr. SHAW, Mrs. MEEK, Mr. JEFFERSON, Mr. RAVENEL, Mrs. FOWLER, Mr. SCHUMER, Mr. FLAKE, Mr. JOHNSON of South Dakota, Mr. LEWIS of Florida, Mr. MILLER of Florida, Mr. KLINK, Ms. BROWN of Florida, Mr. BILIRAKIS, Mr. MICA, Mr. LIVINGSTON, Mr. KING, Mr. STEARNS, Mr. ACKERMAN, Mr. CANADY, Mr. PETERSON of Florida, Mr. LEVY, Mr. COLEMAN, Mr. GALLEGLY, Mr. BOEHNER, Mr. HASTINGS, Mr. HUTTO, Mr. PETERSON of Minnesota, Mr. MANZULLO, Mr. DEUTSCH, Mrs. THURMAN, Mr. CALVERT, Mr. GOODLING, Mr. MACHTLEY, Mr. FIELDS of Louisiana, Mr. GOSS, Mr. YOUNG of Alaska, Mr. CRAPO, Mr. DIAZ-BALART, Ms. ROSLEHTINEN, Mr. FRANKS of New Jersey, Mr. DOOLEY, Mr. CRAMER, Mr. HAYES, Mr. QUINN, Mr. MCCRERY, Mr. SPENCE, Mr. YOUNG of Florida, Ms. MOLINARI, Mr. TAUZIN, Mr. BATEMAN, Mr. POMBO, and Mr. TALENT) introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

A BILL

To improve the National Flood Insurance Program.

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

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

2 (a) SHORT TITLE.—This Act may be cited as the
3 “National Flood Insurance Program Improvement Act of
4 1994”.

5 (b) TABLE OF CONTENTS.—The table of contents for
6 this Act is as follows:

- Sec. 1. Short title and table of contents.
- Sec. 2. Definition.

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. Expanded flood insurance purchase requirements.
- Sec. 202. Escrow of flood insurance payments.
- Sec. 203. Notice requirements.
- Sec. 204. Placement of flood insurance by regulated lending institution, Federal agency lender, or servicer.
- Sec. 205. Standard flood hazard determination forms.
- Sec. 206. Examinations regarding compliance by regulated lending institutions.
- Sec. 207. Penalties and corrective actions for failure to require flood insurance, escrow, or notify.
- Sec. 208. Federal Financial Institutions Examination Council.
- Sec. 209. Conforming amendment.

TITLE III—RATINGS AND INCENTIVES FOR COMMUNITY
FLOODPLAIN MANAGEMENT PROGRAMS

- Sec. 301. Community rating system and incentives for community floodplain management.
- Sec. 302. Community erosion hazard management program.
- Sec. 303. Funding.

TITLE IV—MITIGATION OF FLOOD AND EROSION RISKS

- Sec. 401. Mitigation assistance in Federal insurance administration.
- Sec. 402. Authorization of national flood and erosion mitigation funds under section 1367.
- Sec. 403. State and community mitigation assistance program.
- Sec. 404. Repeal of program for purchase of certain insured properties.
- Sec. 405. Termination of erosion threatened structures program.

TITLE V—TASK FORCE, ADVISORY COUNCIL, AND STUDIES

- Sec. 501. Flood Insurance Interagency Task Force.
- Sec. 502. Technical Mapping Advisory Council.
- Sec. 503. Economic impact study of erosion hazard areas.

Sec. 504. Justification for Government operation of the National Flood Insurance Program and determination of the feasibility and availability of private sector flood insurance coverage.

TITLE VI—MISCELLANEOUS PROVISIONS

Sec. 601. Maximum flood insurance coverage amounts.
 Sec. 602. Additional coverage for compliance with land use and control measures.
 Sec. 603. Flood insurance program arrangements with private insurance entities.
 Sec. 604. Updating of flood insurance maps and identification of erosion hazard areas.
 Sec. 605. Agricultural structures.
 Sec. 606. Funding for increased administrative and operational responsibilities.
 Sec. 607. Separate account for flood insurance fund.
 Sec. 608. Nonwaiver of flood purchase requirement for recipients of Federal disaster assistance.
 Sec. 609. Insurance waiting period.
 Sec. 610. Implementation review by the Director.
 Sec. 611. Regulations.

1 **SEC. 2. DEFINITION.**

2 As used in this Act, the term “Director” means the
 3 Director of the Federal Emergency Management Agency.

4 **TITLE I—DEFINITIONS**

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

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

8 (1) by striking paragraph (5) and inserting the
 9 following new paragraph:

10 “(5) ‘Federal entity for lending regulation’
 11 means the Board of Governors of the Federal Re-
 12 serve System, the Federal Deposit Insurance Cor-
 13 poration, the Comptroller of the Currency, the Office
 14 of Thrift Supervision, the National Credit Union Ad-
 15 ministration Board, and the Farm Credit Adminis-
 16 tration, and with respect to a particular regulated

1 lending institution means the entity primarily re-
2 sponsible for the supervision 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) ‘regulated lending institution’ means a
8 bank, savings association, credit union, farm credit
9 bank, Federal land bank association, or production
10 credit association subject to the supervision of a
11 Federal entity for lending regulation;

12 “(8) ‘Federal agency lender’ means the Federal
13 Housing Administration, the Farmers Home Admin-
14 istration, the Small Business Administration, and
15 the Veterans’ Administration, when such agency
16 makes loans secured by improved real estate or a
17 manufactured home; and

18 “(9) ‘servicer’ means a person who receives any
19 scheduled periodic payments from a borrower pursu-
20 ant to the terms of any loan secured by a lien on
21 real property, and who makes the payments of prin-
22 cipal and interest and such other payments with re-
23 spect to the amounts received from the borrower as
24 may be required.”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) REQUIREMENTS TO PURCHASE FLOOD IN-
2 SURANCE.—Section 102(b) of the Flood Disaster
3 Protection Act of 1973 (42 U.S.C. 4012a(b)) is
4 amended by striking “Each Federal instrumentality
5 responsible for the supervision, approval, regulation,
6 or insuring of banks, savings and loan associations,
7 or similar institutions shall by regulation direct such
8 institutions” and inserting “Each Federal entity for
9 lending regulation shall by regulation direct regu-
10 lated lending institutions”.

11 (2) EFFECT OF NONPARTICIPATION IN FLOOD
12 INSURANCE PROGRAM.—Section 202(b) of the Flood
13 Disaster Protection Act of 1973 (42 U.S.C.
14 4106(b)) is amended by striking “Federal instru-
15 mentality described in such section shall by regula-
16 tion require the institutions” and inserting “Federal
17 entity for lending regulation (with respect to regu-
18 lated lending institutions)”.

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

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

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

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

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

5 “(7) the term ‘Federal entity for lending regu-
6 lation’ means the Board of Governors of the Federal
7 Reserve System, the Federal Deposit Insurance Cor-
8 poration, the Comptroller of the Currency, the Office
9 of Thrift Supervision, the National Credit Union Ad-
10 ministration Board, and the Farm Credit Adminis-
11 tration, and with respect to a particular regulated
12 lending institution, means the entity primarily re-
13 sponsible for the supervision of the institution;

14 “(8) the term ‘regulated lending institution’
15 means a bank, savings association, credit union,
16 farm credit bank, Federal land bank association, or
17 production credit association subject to the super-
18 vision of a Federal entity for lending regulation;

19 “(9) the term ‘Federal agency lender’ means
20 the Federal Housing Administration, the Farmers
21 Home Administration, the Small Business Adminis-
22 tration, and the Veterans’ Administration, when
23 such agency makes loans secured by improved real
24 estate or a manufactured home;

1 “(10) the term ‘erosion control measures’
2 means a community’s efforts to control erosion
3 through nonstructural and structural projects;

4 “(11) the term ‘repetitive loss structure’ means
5 an insured property—

6 “(A) that incurred flood-related damage on
7 2 occasions during a 10-year period ending on
8 the date of the event for which a second claim
9 is made, in which the cost of repair, on the av-
10 erage, equaled or exceeded 25 percent of the
11 value of the structure at the time of each flood
12 event;

13 “(B) that was continuously covered by a
14 contract for flood insurance under this title for
15 not less than the period beginning upon the 1st
16 occasion of flood-related damage referred to in
17 subparagraph (A) and ending upon the 2nd oc-
18 casion of such damage; and

19 “(C) that would have a chargeable rate
20 that is less than the applicable estimated risk
21 premium for such area (or subdivision thereof)
22 under section 1307(a)(1);

23 “(12) the term ‘cost of compliance with land
24 use and control measures’ means—

1 “(A) the cost of elevating a structure so
2 that the structure is in compliance with the
3 minimum performance standards adopted by
4 the community pursuant to section 1315 of the
5 National Flood Insurance Act of 1968; or

6 “(B) the cost of relocation or demolition of
7 the structure, if—

8 “(i) elevating a structure will not re-
9 sult in compliance; or

10 “(ii) the insured consents; and

11 “(13) the term ‘servicer’ means any person who
12 receives any scheduled periodic payments from a
13 borrower pursuant to the terms of any loan secured
14 by a lien on real property, and who makes the pay-
15 ments of principal and interest and such other pay-
16 ments with respect to the amounts received from the
17 borrower as may be required.”.

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

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

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

5 (a) FEDERAL AGENCIES.—Section 102(a) of the
6 Flood Disasters Protection Act of 1973 (42 U.S.C.
7 4012a(a)), is amended—

8 (1) by inserting “(1)” after “(a)”; and

9 (2) by adding at the end the following new
10 paragraphs:

11 “(2) The Federal National Mortgage Association, the
12 Federal Home Loan Mortgage Corporation, and the Fed-
13 eral Agricultural Mortgage Corporation shall implement
14 procedures reasonably designed to assure that all loans
15 that are—

16 “(A) secured by improved real estate or a man-
17 ufactured home located in an area that has been
18 identified at the time of the origination of the loan
19 by the Director as an area having special flood haz-
20 ards and in which flood insurance is available under
21 the National Flood Insurance Act of 1968; and

22 “(B) purchased by any such entity;

23 are covered for the term of the loan by flood insurance
24 in the amount provided in subsection (b).

1 “(3) Each Federal agency lender shall implement
2 procedures reasonably designed to assure that all prop-
3 erty—

4 “(A) that secures loans that the Federal agency
5 lender makes, increases, extends, or renews; and

6 “(B) that is improved by real estate or a manu-
7 factured home located in an area that has been iden-
8 tified at the time of the origination of the loan by
9 the Director as an area having special flood hazards
10 and in which flood insurance is available under the
11 National Flood Insurance Act of 1968;

12 is covered for the term of the loan by flood insurance in
13 the amount provided in subsection (b).”.

14 (b) REGULATED LENDING INSTITUTIONS.—Section
15 102(b) of the Flood Disaster Protection Act of 1973 (42
16 U.S.C. 4012a(b)), as amended by section 101(b)(1), is
17 amended by inserting before “shall by regulation” the fol-
18 lowing: “(after consultation and coordination with the
19 Federal Financial Institutions Examination Council estab-
20 lished under the Federal Financial Institutions Examina-
21 tion Council Act of 1974)”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to all transactions occurring after
24 the expiration of the 1-year period beginning on the date
25 of enactment of this Act.

1 **SEC. 202. ESCROW OF FLOOD INSURANCE PAYMENTS.**

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

5 “(d)(1) Each Federal entity for lending regulation,
6 after consultation and coordination with the Federal Fi-
7 nancial Institutions Examination Council, shall by regula-
8 tion require that, if a regulated lending institution re-
9 quires the escrowing of taxes, insurance premiums, fees,
10 or any other charges for a loan secured by residential real
11 estate or manufactured homes, all charges for flood insur-
12 ance under this title for the property shall be paid by the
13 borrower to the institution for the duration of the period
14 during which the regulated lending institution maintains
15 an escrow account. Upon receipt of a notice from the Di-
16 rector or the provider of the insurance that insurance pre-
17 miums, fees, or other charges are due, the institution shall
18 pay from the escrow account to the provider of the insur-
19 ance the amount of insurance premiums, fees or other
20 charges owed.

21 “(2) If a Federal agency lender requires the
22 escrowing of taxes, insurance premiums, fees, or any other
23 charges, then any charges for flood insurance under this
24 title for the residential real estate or the manufactured
25 home shall be paid by the borrower to the Federal agency
26 lender for the duration of the period during which the

1 Federal agency lender maintains an escrow account. Upon
2 receipt of a notice from the Director or the provider of
3 the insurance that insurance premiums, fees, or other
4 charges are due, the Federal agency lender shall pay from
5 the escrow account to the provider of the insurance the
6 amount of insurance premiums, fees or other charges
7 owed.

8 “(3) Escrow accounts used to collect flood insurance
9 premiums, fees, or other charges under this subsection
10 shall be subject to the provisions of section 10 of the Real
11 Estate Settlement Procedures Act of 1974.”.

12 (b) APPLICABILITY.—Section 102(d) of the Flood
13 Disaster Protection Act of 1973, as added by subsection
14 (a), shall apply with respect to any loan made, increased,
15 extended, or renewed after the expiration of the 1-year pe-
16 riod beginning on the date of enactment of this Act.

17 **SEC. 203. NOTICE REQUIREMENTS.**

18 Section 1364 of the National Flood Insurance Act of
19 1968 (42 U.S.C. 4104a) is amended to read as follows:

20 **“SEC. 1364. NOTICE REQUIREMENTS.**

21 “(a) LENDING INSTITUTIONS.—Each Federal entity
22 for lending regulation, after consultation and coordination
23 with the Federal Financial Institutions Examination
24 Council, shall by regulation require that before a regulated
25 lending institution makes, increases, extends, or renews a

1 loan secured by improved real estate or a manufactured
2 home located in an area that has been identified by the
3 Director as an area having special flood hazards, the insti-
4 tution shall notify the borrower of the special flood
5 hazards and of the need to purchase and maintain flood
6 insurance.

7 “(b) FEDERAL AGENCY LENDERS.—Before a Fed-
8 eral agency lender makes, increases, extends, or renews
9 a loan secured by improved real estate or a manufactured
10 home located in an area that has been identified by the
11 Director as an area having special flood hazards, the Fed-
12 eral agency lender shall notify the borrower of the special
13 flood hazards and of the need to purchase and maintain
14 flood insurance.

15 “(c) PARTICIPATING COMMUNITIES.—The Director
16 shall by regulation require each participating community,
17 upon receiving the semiannual list prepared by the Direc-
18 tor of all changes, revisions, and amendments made to the
19 flood insurance rate maps during the preceding 6 months,
20 to determine whether any properties in their community
21 have been affected, and to provide annual notice by mail,
22 notice by publication, notice on tax assessments, or notice
23 by other reasonable method, to regulated lending institu-
24 tions that are known to lend in the community, and to
25 the owners of all properties newly determined to be, or

1 no longer to be, in an area having special flood hazards,
2 of the flood insurance purchase requirements under sec-
3 tion 102(b).

4 “(d) CONTENTS OF NOTICE.—Notification required
5 by this section shall include a warning, in a form to be
6 established by the Director, stating that the real estate
7 or manufactured home securing the loan is located in an
8 area having special flood hazards, a description of the
9 flood insurance purchase requirements under section
10 102(b), a statement that flood insurance coverage may be
11 purchased under the National Flood Insurance Program
12 and may also be available from private insurers, and any
13 other information that the Director considers necessary to
14 carry out the purposes of the National Flood Insurance
15 Program.”.

16 **SEC. 204. PLACEMENT OF FLOOD INSURANCE BY REGU-**
17 **LATED LENDING INSTITUTION, FEDERAL**
18 **AGENCY LENDER, OR SERVICER.**

19 (a) REQUIRED ACTIONS BY LENDER.—Section 102
20 of the Flood Disaster Protection Act of 1973 (42 U.S.C.
21 4012a), as amended by section 202(a), is amended by add-
22 ing at the end the following new subsection:

23 “(e) REQUIRED ACTIONS BY LENDER.—

24 “(1) NOTIFICATION TO BORROWER OF LACK OF
25 COVERAGE.—If, at the time of origination or at any

1 other time during the term of a loan secured by im-
2 proved real estate or by a manufactured home lo-
3 cated in an area that has been identified by the Di-
4 rector as an area having special flood hazards and
5 in which flood insurance is available under this title,
6 a regulated lending institution, Federal agency lend-
7 er, or servicer determines that the building or manu-
8 factured home and any personal property securing
9 the loan held or serviced by the regulated lending in-
10 stitution, Federal agency lender, or servicer is not
11 covered by flood insurance, in an amount not less
12 than the amount required by subsection (b), the reg-
13 ulated lending institution, Federal agency lender, or
14 servicer shall notify the borrower, in a form to be es-
15 tablished by the Director, that the borrower should
16 obtain, at the borrower's expense, an amount of
17 flood insurance that is not less than the amount re-
18 quired by subsection (b), for the term of the loan.
19 If, not later than 45 days after receiving such notifi-
20 cation, the borrower fails to purchase such flood in-
21 surance, the regulated lending institution, Federal
22 agency lender, or servicer shall purchase the insur-
23 ance on behalf of the borrower and may charge the
24 borrower for the cost of premiums and fees incurred

1 by the regulated lending institution, Federal agency
2 lender, or servicer in purchasing the insurance.

3 “(2) REVIEW.—

4 “(A) BY THE DIRECTOR.—A borrower may
5 request, based upon the submission of support-
6 ing technical data, that the Director review a
7 determination that the improved real estate or
8 manufactured home securing the loan is located
9 in an area having special flood hazards. Not
10 later than 45 days after the Director receives
11 the request, the Director shall review the deter-
12 mination and provide the borrower with a letter
13 stating whether or not the property is in an
14 area having special flood hazards. The deter-
15 mination of the Director shall be final. If the
16 Director fails to respond to a request within 45
17 days, the property shall be deemed not to be lo-
18 cated in an area having special flood hazards.

19 “(B) INSURANCE NOT REQUIRED.—If a
20 person is provided by the borrower with a letter
21 issued by the Director pursuant to subpara-
22 graph (A) during the preceding 1-year period,
23 stating that the property is not in an area hav-
24 ing special flood hazards, such person shall

1 have no obligation under this title to require the
2 purchase of flood insurance on the property.”.

3 (b) APPLICABILITY.—

4 (1) IN GENERAL.—Except as provided in para-
5 graph (2), section 102(e) of the Flood Disaster Pro-
6 tection Act of 1973, as added by subsection (a),
7 shall apply to all loans outstanding on or after the
8 date of enactment of this Act.

9 (2) LOANS REGULATED BY THE FARM CREDIT
10 ADMINISTRATION.—Notwithstanding paragraph (1),
11 with respect to loans held by institutions regulated
12 by the Farm Credit Administration, section 102(e)
13 of the Flood Disaster Protection Act of 1973, as
14 added by subsection (a), shall apply only to loans
15 originating on or after the date of enactment of this
16 Act.

17 **SEC. 205. STANDARD FLOOD HAZARD DETERMINATION**
18 **FORMS.**

19 (a) IN GENERAL.—Chapter III of the National Flood
20 Insurance Act of 1968 (42 U.S.C. 4101 et seq.) is amend-
21 ed by adding at the end the following new section:

22 **“SEC. 1365. STANDARD FLOOD HAZARD DETERMINATION**
23 **FORMS.**

24 “(a) DEVELOPMENT.—The Director, in consultation
25 with the Federal entities for lending regulation, and after

1 notice and comment, shall develop a standard flood hazard
2 determination form (hereafter in this section referred to
3 as the ‘determination form’) for use in connection with
4 loans secured by improved real estate or a manufactured
5 home located in an area having special flood hazards and
6 in which flood insurance is available under this title. The
7 determination form may be maintained in a printed, com-
8 puterized, or electronic manner.

9 “(b) DESIGN AND CONTENTS.—The determination
10 form shall state whether the property is in an area having
11 special flood hazards, the risk premium rate classification
12 established for the special flood hazard area in which the
13 property is located, the complete map and panel numbers
14 for the property, and the date of the map used for the
15 determination. If the complete map and panel numbers for
16 the property are not available because the property is not
17 located in a community that is participating in the Na-
18 tional Flood Insurance Program or because no map exists
19 for the relevant area, the determination form shall so
20 state.

21 “(c) REQUIRED USE.—Each Federal entity for lend-
22 ing regulation shall by regulation require the use of the
23 determination form by regulated lending institutions.
24 Each Federal agency lender shall by regulation provide for
25 the use of the determination form. The Federal National

1 Mortgage Association, the Federal Home Loan Mortgage
2 Corporation, and the Federal Agricultural Mortgage Cor-
3 poration shall require use of the determination form by
4 any person from whom they purchase loans.

5 “(d) GUARANTEES REGARDING INFORMATION.—In
6 recording information on a determination form, a person
7 may rely on information provided by a third party to the
8 extent that the third party guarantees the accuracy of the
9 information.

10 “(e) RELIANCE ON PREVIOUS DETERMINATION.—A
11 person or institution increasing, extending, renewing, or
12 purchasing a loan may rely on a previous determination
13 as to whether property is in an area having special flood
14 hazards, if the previous determination was made not more
15 than 5 years before the date of the transaction, and the
16 basis for the previous determination has been set forth on
17 a determination form.”.

18 (b) APPLICABILITY.—Section 1365 of the National
19 Flood Insurance Act of 1968, as added by subsection (a),
20 shall apply to all loans originated on or after the expira-
21 tion of the 6-month period beginning on the date the
22 standard flood hazard determination form is finalized by
23 the Director.

1 **SEC. 206. EXAMINATIONS REGARDING COMPLIANCE BY**
2 **REGULATED LENDING INSTITUTIONS.**

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

7 “(h) FLOOD HAZARD INSURANCE COMPLIANCE BY
8 INSURED DEPOSITORY INSTITUTIONS REQUIRED.—

9 “(1) EXAMINATIONS.—The appropriate Federal
10 banking agency shall, during each scheduled on-site
11 examination required by this section, determine
12 whether the insured depository institution is comply-
13 ing with the requirements of the National Flood
14 Insurance Program.

15 “(2) REPORT.—Not later than 1 year after the
16 date of enactment of the National Flood Insurance
17 Program Improvement Act of 1994, and biannually
18 thereafter for the next 4 years, each appropriate
19 Federal banking agency shall submit a report to the
20 Congress on compliance by insured depository insti-
21 tutions with the requirements of the National Flood
22 Insurance Program. The report shall include a de-
23 scription of the methods used to determine compli-
24 ance, the number of institutions examined during
25 the reporting year, a listing and total number of in-
26 stitutions found to be in noncompliance, actions

1 taken to correct incidents of noncompliance, and an
2 analysis of compliance, including a discussion of any
3 trends, patterns, and problems, and recommenda-
4 tions regarding reasonable actions to improve the ef-
5 ficiency of the examinations processes.”.

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

10 “(e) FLOOD HAZARD INSURANCE COMPLIANCE BY
11 INSURED CREDIT UNIONS REQUIRED.—

12 “(1) EXAMINATION.—The Board shall, during
13 each examination conducted under this section, de-
14 termine whether the insured credit union is comply-
15 ing with the requirements of the National Flood
16 Insurance Program.

17 “(2) REPORT.—Not later than 1 year after the
18 date of enactment of the National Flood Insurance
19 Program Improvement Act of 1994, and biannually
20 thereafter for the next 4 years, the Board shall sub-
21 mit a report to the Congress on compliance by in-
22 sured credit unions with the requirements of the Na-
23 tional Flood Insurance Program. The report shall
24 include a description of the methods used to deter-
25 mine compliance, the number of insured credit

1 unions examined during the reporting year, a listing
2 and total number of insured credit unions found to
3 be in noncompliance, actions taken to correct inci-
4 dents of noncompliance, and an analysis of compli-
5 ance, including a discussion of any trends, patterns,
6 and problems, and recommendations regarding rea-
7 sonable actions to improve the efficiency of the
8 examinations processes.”.

9 **SEC. 207. PENALTIES AND CORRECTIVE ACTIONS FOR FAIL-**
10 **URE TO REQUIRE FLOOD INSURANCE, ES-**
11 **CROW, OR NOTIFY.**

12 Section 102 of the Flood Disaster Protection Act of
13 1973 (42 U.S.C. 4012a), as amended by sections 202 and
14 204, is amended by adding at the end the following new
15 subsections:

16 “(f) CIVIL PENALTIES.—

17 “(1) IN GENERAL.—A regulated lending institu-
18 tion that is found to have a pattern or practice of
19 violating this section may be assessed a civil penalty
20 by the appropriate Federal entity for lending regula-
21 tion of not more than \$350 for each such violation.
22 A penalty under this subsection may be issued only
23 after notice and an opportunity for a hearing on the
24 record.

1 “(2) TOTAL AMOUNT.—The total amount of
2 penalties assessed under this subsection against a
3 single regulated lending institution for any calendar
4 year may not exceed \$100,000.

5 “(3) SALES OR TRANSFERS.—The subsequent
6 sale or other transfer of a loan by a regulated lend-
7 ing institution that has committed a violation of this
8 section shall not affect the liability of the transfer-
9 ring institution with respect to any penalty under
10 this subsection. An institution shall not be liable for
11 a violation relating to a loan committed by another
12 institution that previously held the loan.

13 “(4) 3-YEAR LIMIT.—No penalty may be im-
14 posed under this subsection after the expiration of
15 the 3-year period beginning on the date of the occur-
16 rence of the violation.

17 “(g) ADDITIONAL ACTIONS.—If a Federal entity for
18 lending regulation determines—

19 “(1) that a regulated lending institution has
20 demonstrated a pattern and practice of noncompli-
21 ance in violation of the regulations issued pursuant
22 to subsection (b) or subsection (d) or the notice re-
23 quirements under section 1364 of the National
24 Flood Insurance Act of 1968, and

1 “(2) that the regulated lending institution has
2 not demonstrated measurable improvement in com-
3 pliance despite the issuance of penalties under sub-
4 section (f),
5 the agency may require the regulated lending institution
6 to take such remedial actions as are necessary to ensure
7 that the regulated lending institution is in satisfactory
8 compliance with the requirements of the National Flood
9 Insurance Program.”.

10 **SEC. 208. FEDERAL FINANCIAL INSTITUTIONS EXAMINA-**
11 **TION COUNCIL.**

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

16 “(g) FLOOD INSURANCE.—The Council shall consult
17 with and assist the Federal entities for lending regulation,
18 as such term is defined in section 1370(a)(7) of the Na-
19 tional Flood Insurance Act of 1968, in developing and co-
20 ordinating uniform standards and requirements for use by
21 regulated lending institutions under the National Flood
22 Insurance Program.”.

1 **SEC. 209. CONFORMING AMENDMENT.**

2 The section heading for section 102 of the Flood Dis-
3 aster Protection Act of 1973 (42 U.S.C. 4012a) is amend-
4 ed to read as follows:

5 **“SEC. 102. FLOOD INSURANCE PURCHASE AND COMPLI-**
6 **ANCE REQUIREMENTS AND ESCROW AC-**
7 **COUNTS.”.**

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

12 **SEC. 301. COMMUNITY RATING SYSTEM AND INCENTIVES**
13 **FOR COMMUNITY FLOODPLAIN MANAGE-**
14 **MENT.**

15 (a) REQUIREMENT FOR PARTICIPATION IN FLOOD
16 INSURANCE PROGRAM.—Section 1315 of the National
17 Flood Insurance Act of 1968 (42 U.S.C. 4022) is amend-
18 ed—

19 (1) by striking “after December 31, 1971” and
20 inserting the following:

21 “(a) REQUIREMENT FOR PARTICIPATION IN FLOOD
22 INSURANCE PROGRAM.—After December 31, 1971”; and

23 (2) by adding at the end the following new sub-
24 section:

25 “(b) COMMUNITY RATING SYSTEM AND INCENTIVES
26 FOR COMMUNITY FLOODPLAIN MANAGEMENT.—

1 “(1) AUTHORITY AND GOALS.—The Director
2 shall carry out a community rating system program
3 (hereafter in this subsection referred to as the ‘pro-
4 gram’) which shall—

5 “(A) evaluate the measures adopted by
6 communities voluntarily participating in the
7 community rating system;

8 “(B) provide incentives for measures to re-
9 duce the risk of flood damage that exceed the
10 criteria set forth in section 1361;

11 “(C) encourage adoption of more effective
12 measures for floodplain and erosion manage-
13 ment; and

14 “(D) to promote the reduction of Federal
15 flood insurance losses.

16 “(2) INCENTIVES.—The program shall provide
17 incentives in the form of credits on premium rates
18 for flood insurance coverage in communities that the
19 Director determines have adopted and enforced
20 measures to reduce the risk of flood damage that ex-
21 ceed the criteria set forth in section 1361. In provid-
22 ing incentives under this paragraph, the Director
23 may provide for credits to flood insurance premium
24 rates in communities that the Director determines
25 have—

1 “(A) implemented measures to enhance
2 floodplain management; and

3 “(B) adopted erosion control measures.

4 “(3) CREDITS.—The credits on premium rates
5 for flood insurance coverage shall be based on the
6 estimated reduction in flood damage risks resulting
7 from the measures adopted by the community under
8 this program, minus any funds received for mitiga-
9 tion assistance under section 1366. The Director
10 may also reduce such credits to recover the cost to
11 the Federal Government of expenditures for flood or
12 disaster relief to property owners who did not main-
13 tain flood insurance on structures in areas having
14 special flood hazards.”.

15 (b) REPORTS.—Two years after the date of enact-
16 ment of this Act and biannually thereafter, the Director
17 shall submit a report to the Congress regarding the pro-
18 gram under section 1315(a) of the National Flood Insur-
19 ance Act of 1968. Each report shall include an analysis
20 of the cost-effectiveness and other accomplishments and
21 shortcomings of the program and any recommendations
22 of the Director for legislation regarding the program.

1 **SEC. 302. COMMUNITY EROSION HAZARD MANAGEMENT**
2 **PROGRAM.**

3 Section 1315 of the National Flood Insurance Act
4 of 1968 (42 U.S.C. 4022), as amended by section 301,
5 is amended by adding at the end the following new sub-
6 section:

7 “(c) COMMUNITY EROSION HAZARD MANAGEMENT
8 PROGRAM.—

9 “(1) AUTHORITY AND GOALS.—The Director
10 shall carry out a community erosion hazard manage-
11 ment program (hereafter in this subsection referred
12 to as the “program”) which shall—

13 “(A) assist communities having erosion
14 hazards to understand the nature and extent of
15 the erosion hazards and to develop a program
16 to manage erosion hazards;

17 “(B) provide incentives for communities to
18 voluntarily undertake measures to reduce the
19 risk of erosion-related flood damage; and

20 “(C) promote the reduction of Federal
21 flood insurance losses related to erosion haz-
22 ards.

23 “(2) DEVELOPMENT OF COMMUNITY EROSION
24 HAZARD MANAGEMENT PLAN.—In developing the
25 program, the Director shall meet with appropriate
26 representatives of communities with erosion hazards

1 to discuss the nature and extent of the erosion haz-
2 ards in the community and the potential develop-
3 ment and implementation of an erosion hazard man-
4 agement plan, including—

5 “(A) the areas identified as having erosion
6 hazards;

7 “(B) the impact of the erosion hazards on
8 structures located in the erosion hazard areas
9 in the event of flooding;

10 “(C) the amount of any cross-subsidy
11 among flood insurance policyholders in the com-
12 munity as a result of the insured structures lo-
13 cated in erosion hazard areas; and

14 “(D) alternative cost-effective measures
15 available to the community to manage the ero-
16 sion hazards, including—

17 “(i) erosion control projects to reduce
18 or eliminate the risk of erosion-related
19 flood damage;

20 “(ii) the establishment of building
21 codes to protect structures from erosion-re-
22 lated flood damage;

23 “(iii) appropriate land use measures
24 to guide development away from erosion
25 hazards;

1 “(iv) the relocation of structures at
2 risk of erosion-related flood damage; and

3 “(v) the elimination of any cross-sub-
4 sidy among flood insurance policyholders in
5 the community resulting in the assessment
6 of actuarial premium rates for new con-
7 struction in erosion hazard areas.

8 “(3) ELIGIBILITY FOR ASSISTANCE UNDER THE
9 STATE AND COMMUNITY MITIGATION ASSISTANCE
10 PROGRAM.—Communities voluntarily participating in
11 the program shall be eligible for technical and finan-
12 cial assistance under section 1367 for the develop-
13 ment and implementation of a community erosion
14 hazard management plan approved by the Director
15 that reduces the risk of erosion-related flood dam-
16 age.

17 “(4) INCENTIVES.—The program shall provide
18 incentives in the form of credits on premium rates
19 for insurance coverage in communities that the Di-
20 rector determines have adopted and enforced meas-
21 ures to reduce the risk of erosion-related flood dam-
22 age.

23 “(5) CREDITS.—The credits on premium rates
24 for flood insurance coverage under the program shall
25 be based on the estimated reduction in erosion-relat-

1 ed flood damage risks resulting from the measures
2 adopted by the community under this program
3 minus any funds received for assistance under sec-
4 tion 1367.”.

5 **SEC. 303. FUNDING.**

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

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

10 (2) in paragraph (5), by striking the period at
11 the end and inserting a semicolon; and

12 (3) by adding after paragraph (5) the following
13 new paragraph:

14 “(6) for carrying out the programs established
15 under subsections (b) and (c) of section 1315.”.

16 **TITLE IV—MITIGATION OF**
17 **FLOOD AND EROSION RISKS**

18 **SEC. 401. MITIGATION ASSISTANCE IN FEDERAL INSUR-**
19 **ANCE ADMINISTRATION.**

20 Section 1105(a) of the Housing and Urban Develop-
21 ment Act of 1968 (42 U.S.C. 4129) is amended—

22 (1) by striking “(a) There is hereby” and in-
23 serting the following:

24 “(a) ESTABLISHMENT.—There is hereby”; and

1 (2) by striking subsection (b) and inserting the
2 following:

3 “(b) COORDINATION OF MITIGATION ACTIVITIES.—
4 The Director shall coordinate all mitigation activities, in-
5 cluding the administration of the program for mitigation
6 assistance under section 1367, under the Federal Insur-
7 ance Administrator. These activities shall include the de-
8 velopment and implementation of various mitigation ac-
9 tivities and techniques, the provision of advice and assist-
10 ance regarding mitigation to States, communities, and in-
11 dividuals, including planning assistance under section
12 1367(d), coordination with other Federal flood and erosion
13 mitigation efforts, and coordination with State and local
14 governments and public and private agencies and organi-
15 zations for collection and dissemination of information re-
16 garding erosion.”.

17 **SEC. 402. AUTHORIZATION OF NATIONAL FLOOD AND ERO-**
18 **SION MITIGATION FUNDS UNDER SECTION**
19 **1367.**

20 (a) EXPENDITURES.—Chapter III of the National
21 Flood Insurance Act of 1968 (42 U.S.C. 4101 et seq.),
22 as amended by section 205, is amended by adding at the
23 end the following new section:

1 **“SEC. 1366. NATIONAL FLOOD AND EROSION MITIGATION**
2 **PROGRAM.**

3 “For flood and erosion mitigation activities author-
4 ized under section 1367, the Director may expend from
5 the National Flood Insurance Fund—

6 “(1) up to \$10,000,000 in the fiscal year end-
7 ing September 30, 1994;

8 “(2) up to \$15,000,000 in the fiscal year end-
9 ing September 30, 1995;

10 “(3) up to \$20,000,000 in the fiscal year end-
11 ing September 30, 1996;

12 “(4) up to \$20,000,000 in each fiscal year
13 thereafter; and

14 “(5) any amounts recaptured under section
15 1367(i).”.

16 (b) REPORT.—Not later than 1 year after the date
17 of enactment of this Act and biannually thereafter, the
18 Director shall submit a report to the Congress describing
19 the status of flood and erosion mitigation activities carried
20 out with funds authorized under section 1366 of the Na-
21 tional Flood Insurance Act of 1968, as added by sub-
22 section (a).

23 **SEC. 403. STATE AND COMMUNITY MITIGATION ASSIST-**
24 **ANCE PROGRAM.**

25 (a) IN GENERAL.—Chapter III of the National Flood
26 Insurance Act of 1968 (42 U.S.C. 4101 et seq.), as

1 amended by sections 205 and 402, is amended by adding
2 at the end the following new section:

3 **“SEC. 1367. MITIGATION ASSISTANCE FOR STATES, COMMU-**
4 **NITIES, AND INDIVIDUALS.**

5 “(a) **AUTHORITY.**—The Director shall develop and
6 implement a financial assistance program with amounts
7 made available under section 1366 to States, communities,
8 and individuals for planning and activities designed to re-
9 duce the risk of flood and erosion damage to insured struc-
10 tures.

11 “(b) **REQUIREMENT FOR MITIGATION PLAN OR AP-**
12 **PLICATION.**—

13 “(1) **STATES AND COMMUNITIES.**—To be eligi-
14 ble to receive financial mitigation assistance, a State
15 or community shall develop, and have approved by
16 the Director, a flood and erosion risk mitigation
17 plan (hereafter in this section referred to as a ‘miti-
18 gation plan’), that is more protective against flood
19 losses than the criteria established by the Director
20 under section 1361. The mitigation plan shall in-
21 clude a comprehensive strategy for mitigation activi-
22 ties adopted by the State or community following a
23 public hearing.

1 “(2) INDIVIDUALS.—For an individual to be eli-
2 gible to receive financial mitigation assistance for a
3 property—

4 “(A) the property shall have been continu-
5 ously covered by a contract for flood insurance
6 under this title for the preceding 24 months;
7 and

8 “(B) the individual shall submit, and have
9 approved by the Director, an application for
10 such assistance, as the Director shall require.

11 “(c) NOTIFICATION OF APPROVAL.—Not later than
12 120 days after the submission of a mitigation plan or ap-
13 plication, the Director shall notify the State, community,
14 or individual submitting the plan or application of the Di-
15 rector’s approval or disapproval of the plan or application.
16 If the Director does not approve a plan or application, the
17 Director shall notify the State, community, or individual
18 in writing of the reasons for such disapproval.

19 “(d) PLANNING ASSISTANCE.—

20 “(1) IN GENERAL.—The Director shall make
21 planning assistance available to States and commu-
22 nities for developing mitigation plans.

23 “(2) FUNDING.—From any amounts made
24 available for use under section 1366 of the National
25 Flood Insurance Act of 1968 in any fiscal year, the

1 Director may use not more than \$1,500,000 to pro-
2 vide planning assistance grants to States or commu-
3 nities to develop mitigation plans under this sub-
4 section.

5 “(3) LIMITATIONS.—

6 “(A) TIMING.—A grant for planning as-
7 sistance may be awarded to a State or commu-
8 nity once every 5 years and each grant may
9 cover a period of 1 to 3 years.

10 “(B) AMOUNT.—A grant for planning as-
11 sistance may not exceed—

12 “(i) \$150,000, to any State; or

13 “(ii) \$50,000, to any community.

14 “(C) GEOGRAPHIC.—Not more than
15 \$300,000 may be awarded to any 1 State and
16 all communities located in that State for plan-
17 ning assistance in each fiscal year.

18 “(e) ELIGIBLE MITIGATION ACTIVITIES.—The Direc-
19 tor shall determine eligibility for assistance under this sec-
20 tion for mitigation activities that shall be technically fea-
21 sible and cost-effective. These activities may include—

22 “(1) elevation, relocation, demolition, or
23 floodproofing of structures;

1 “(2) the construction, repair, or restoration of
2 levees, seawalls, and other structures that reduce the
3 risk of flood damage;

4 “(3) erosion control measures including beach
5 nourishment;

6 “(4) acquisition by States and communities of
7 property substantially damaged by flood for public
8 use as the Director determines is consistent with
9 sound land management and use in such area; and

10 “(5) provision of technical assistance by States
11 to communities and individuals to conduct eligible
12 mitigation activities.

13 The Director may provide assistance under this section to
14 an individual for mitigation activities under this sub-
15 section only if the activities proposed in the application
16 are consistent with any applicable land use and control
17 measures adopted by the appropriate public body under
18 section 1315 and any applicable mitigation plan.

19 “(f) LIMITATIONS ON MITIGATION ASSISTANCE.—

20 “(1) AMOUNT.—The amount of mitigation as-
21 sistance provided under subsection (e) may not ex-
22 ceed in any 5-year period—

23 “(A) \$10,000,000, to any State; or

24 “(B) \$3,300,000, to any community.

1 “(2) GEOGRAPHIC.—Not more than
2 \$20,000,000 may be awarded to any 1 State and all
3 communities located in that State for mitigation as-
4 sistance in any 5-year period.

5 “(3) TREATMENT OF ASSISTANCE FOR INDIVID-
6 UALS.—The amount of mitigation assistance pro-
7 vided under subsection (e) to any individual shall be
8 included, for purposes of the dollar amount limita-
9 tions under paragraphs (1) and (2) of this sub-
10 section, in the amount of assistance provided to the
11 State and community within which is located the
12 property for which the grant is made.

13 “(g) MATCHING REQUIREMENT.—The Director may
14 provide mitigation assistance to a State or community in
15 an amount not to exceed 3 times the amount that the
16 State or community certifies, as the Director shall require,
17 that the State or community will contribute from other
18 funds to carry out mitigation planning under subsection
19 (d) and eligible activities under subsection (e).

20 “(h) OVERSIGHT OF MITIGATION PLANS AND APPLI-
21 CATIONS.—The Director shall conduct oversight of recipi-
22 ents of mitigation assistance to ensure that the mitigation
23 assistance is used in compliance with approved plans and
24 applications.

1 “(i) RECAPTURE.—If the Director determines that a
2 State, community, or individual that has received mitiga-
3 tion assistance has not carried out the mitigation activities
4 as set forth in the mitigation plan or application, the Di-
5 rector shall recapture any unexpended amounts and de-
6 posit the amounts in the Fund.

7 “(j) DEFINITION OF COMMUNITY.—For purposes of
8 this section, the term ‘community’ means a political sub-
9 division that has zoning and building code jurisdiction over
10 a particular area having special flood hazards, and that
11 is participating in the National Flood Insurance Program.

12 “(k) PREFERENCES FOR MITIGATION GRANTS TO
13 COMMUNITIES.—

14 “(1) COST-BENEFICIALNESS.—In providing
15 mitigation grants to communities under this section,
16 the Director shall give preference to communities
17 and individuals with mitigation plans that are the
18 most cost-beneficial to the National Flood Insurance
19 Program.

20 “(2) ADDITIONAL OPTIONAL CRITERIA.—Sub-
21 ject to paragraph (1), in providing mitigation grants
22 to communities under this section, the Director may
23 give preference to communities that—

1 “(A) have the highest rates of participation
2 by property owners in the National Flood
3 Insurance Program;

4 “(B) have qualified for credits on premium
5 rates under section 1315(b); and

6 “(C) have experienced repetitive losses that
7 have been most costly to the Fund.”.

8 (b) REGULATIONS.—Not later than 6 months after
9 date of enactment of this Act, the Director shall issue reg-
10 ulations implementing section 1367 of the National Flood
11 Insurance Act of 1968, as added by subsection (a).

12 **SEC. 404. REPEAL OF PROGRAM FOR PURCHASE OF CER-**
13 **TAIN INSURED PROPERTIES.**

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

16 (b) TRANSITION.—Notwithstanding the repeal under
17 subsection (a), the Director may continue to purchase
18 property under subsections (a) and (b) of section 1362
19 of the National Flood Insurance Act of 1968, as such sec-
20 tion existed immediately before the date of enactment of
21 this Act, for a period of 1 year beginning on the date of
22 enactment of this Act.

1 **SEC. 405. TERMINATION OF EROSION THREATENED STRUC-**
2 **TURES PROGRAM.**

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

6 (b) TRANSITION.—The Director may pay amounts
7 under flood insurance contracts for demolition or reloca-
8 tion of structures as provided in section 1306(c) of the
9 National Flood Insurance Act of 1968 (as in effect imme-
10 diately before the date of enactment of this Act) only dur-
11 ing the 1-year period beginning on the date of enactment
12 of this Act.

13 **TITLE V—TASK FORCE, ADVI-**
14 **SORY COUNCIL, AND STUDIES**

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

16 (a) ESTABLISHMENT.—There is established an inter-
17 agency task force to be known as the Flood Insurance
18 Task Force (hereafter in this title referred to as the “Task
19 Force”).

20 (b) MEMBERSHIP.—

21 (1) IN GENERAL.—The Task Force shall con-
22 sist of 13 members, who shall be the designees of—

23 (A) the Director;

24 (B) the Federal Housing Commissioner;

25 (C) the Secretary of Veterans Affairs;

1 (D) the Administrator of the Farmers
2 Home Administration;

3 (E) the Administrator of the Small Busi-
4 ness Administration;

5 (F) each member of the Federal Financial
6 Institutions Examination Council;

7 (G) the chairman of the Board of Direc-
8 tors of the Federal Home Loan Mortgage Cor-
9 poration;

10 (H) the chairman of the Board of Direc-
11 tors of the Federal National Mortgage Associa-
12 tion; and

13 (I) the chairman of the Federal Agricul-
14 tural Mortgage Corporation.

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—

21 (1) make recommendations to the head of each
22 Federal agency and corporation referred to under
23 subsection (b)(1) regarding the establishment or
24 adoption of standardized enforcement procedures
25 among such agencies and corporations responsible

1 for enforcing compliance with the requirements
2 under the National Flood Insurance Program to en-
3 sure the fullest possible compliance with such re-
4 quirements;

5 (2) study the extent to which Federal agencies
6 and the secondary mortgage market can provide as-
7 sistance in ensuring compliance with the require-
8 ments under the National Flood Insurance Program;

9 (3) study the extent to which existing programs
10 of Federal agencies and corporations for compliance
11 with the requirements under the National Flood In-
12 surance Program can serve as a model for other
13 Federal agencies responsible for enforcing compli-
14 ance, and submit to the Congress a report describing
15 the study and any conclusions;

16 (4) study—

17 (A) the extent to which the flood insurance
18 premium rate structure could be revised, con-
19 sistent with the goal of providing affordable
20 flood insurance, to minimize existing premium
21 rate subsidies, and account for catastrophic loss
22 events; and

23 (B) how changes in the premium rate
24 structure could potentially impact other Federal
25 disaster assistance programs;

1 (5) propose strategies, consistent with the goal
2 of providing affordable flood insurance, to establish
3 an actuarial-based premium structure to account for
4 all insurable flood-related risks identified under the
5 National Flood Insurance Act of 1968, as amended
6 by this Act; and

7 (6) develop guidelines regarding enforcement
8 and compliance procedures, based on the studies and
9 findings of the Task Force and publishing the guide-
10 lines in a usable format.

11 (d) REPORTS.—Not later than 2 years after the date
12 of enactment of this Act, the Task Force shall transmit
13 to the Congress a report describing its studies and any
14 conclusions.

15 (e) COMPENSATION.—Members of the Task Force
16 shall receive no additional compensation by reason of their
17 service on the Task Force.

18 (f) CHAIRPERSON.—The members of the Task Force
19 shall elect 1 member to serve as the chairperson of the
20 Task Force (hereafter in this section referred to as the
21 “Chairperson”).

22 (g) MEETINGS AND ACTION.—The Task Force shall
23 meet at the call of the Chairperson or a majority of the
24 members of the Task Force and may take action by a vote
25 of the majority of the members. The Federal Insurance

1 Administrator shall coordinate and call the initial meeting
2 of the Task Force.

3 (h) OFFICERS.—The Chairperson may appoint offi-
4 cers to carry out the duties of the Task Force under sub-
5 section (c).

6 (i) STAFF OF FEDERAL AGENCIES.—Upon the re-
7 quest of the Chairperson, the head of any of the Federal
8 agencies and corporations referred to in subsection (b)(1)
9 may detail, on a nonreimbursable basis, any of the person-
10 nel of the agency to the Task Force to assist the Task
11 Force in carrying out its duties under this Act.

12 (j) POWERS.—In carrying out this section, the Task
13 Force may hold hearings, sit and act at times and places,
14 take testimony, receive evidence and assistance, provide
15 information, and conduct research as the Task Force con-
16 siders appropriate.

17 (k) TERMINATION.—The Task Force shall terminate
18 2 years after the date on which all members of the Task
19 Force have been designated under subsection (b)(1).

20 **SEC. 502. TECHNICAL MAPPING ADVISORY COUNCIL.**

21 (a) ESTABLISHMENT.—There is established a council
22 to be known as the Technical Mapping Advisory Council
23 (hereafter in this section referred to as the “Council”).

24 (b) MEMBERSHIP.—

1 (1) IN GENERAL.—The Council shall consist of
2 the Director, or the Director’s designee, and 12 ad-
3 ditional members to be appointed by the Director or
4 his designee, and shall include—

5 (A) the Under Secretary of Commerce for
6 Oceans and Atmosphere (or his or her des-
7 ignee);

8 (B) a member of recognized surveying and
9 mapping professional associations and organiza-
10 tions;

11 (C) a member of recognized professional
12 engineering associations and organizations;

13 (D) a member of recognized professional
14 associations or organizations representing flood
15 hazard determination firms;

16 (E) a representative of the United States
17 Geologic Survey;

18 (F) a representative of State geologic sur-
19 vey programs;

20 (G) a representative of State national flood
21 insurance coordination offices;

22 (H) a representative of the Federal Na-
23 tional Mortgage Association and the Federal
24 Home Loan Mortgage Corporation; and

1 (I) a representative of a regulated lending
2 institution.

3 (2) QUALIFICATIONS.—Members of the Council
4 shall be appointed based on their demonstrated
5 knowledge and competence regarding surveying, car-
6 tography, remote sensing, geographic information
7 systems, or the technical aspects of preparing and
8 using flood insurance rate maps.

9 (c) DUTIES.—The Council shall—

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

14 (2) recommend to the Director mapping stand-
15 ards and guidelines for flood insurance rate maps;
16 and

17 (3) transmit an annual report to the Director
18 describing—

19 (A) the activities of the Council;

20 (B) an evaluation of the status and per-
21 formance of flood insurance rate maps and
22 mapping activities to update and revise flood in-
23 surance rate maps as established by the amend-
24 ments made under section 604; and

1 (C) a summary of recommendations made
2 by the Council to the Director.

3 (d) CHAIRPERSON.—The members of the Council
4 shall elect 1 member to serve as the chairperson of the
5 Council (hereafter in this section referred to as the
6 “Chairperson”).

7 (e) COORDINATION.—To ensure that the Council’s
8 recommendations are consistent to the maximum extent
9 practicable with national digital spatial data collection and
10 management standards, the Chairperson shall consult with
11 the Chairperson of the Federal Geographic Data Commit-
12 tee (established pursuant to OMB Circular A–16).

13 (f) COMPENSATION.—Members of the Council shall
14 receive no additional compensation by reason of their serv-
15 ice on the Council.

16 (g) MEETINGS AND ACTIONS.—

17 (1) IN GENERAL.—The Council shall meet not
18 less than twice each year at the request of the
19 Chairperson or a majority of its members and may
20 take action by a vote of the majority of the mem-
21 bers.

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

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

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

9 (j) POWERS.—In carrying out this section, the Coun-
10 cil may hold hearings, receive evidence and assistance, pro-
11 vide information, and conduct research as it considers ap-
12 propriate.

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

16 **SEC. 503. ECONOMIC IMPACT STUDY OF EROSION HAZARD**
17 **AREAS.**

18 (a) REPORT TO CONGRESS.—Not later than 3 years
19 after the date of enactment of this Act, the Director shall
20 submit to the Congress a report assessing the economic
21 impact of the denial of flood insurance and the establish-
22 ment of actuarial rates on communities that are likely to
23 be identified as having erosion hazard areas. The report
24 shall include—

1 (1) a listing of all communities that are likely
2 to be identified having an erosion hazard area;

3 (2) an independent assessment, after consulta-
4 tion with such communities, of the economic impact
5 of the denial of flood insurance for new construction
6 and the assessment of actuarial rates in the erosion
7 hazard areas, including the impact on—

8 (A) the value of residential and commercial
9 properties in the erosion hazard area;

10 (B) community tax revenues due to
11 changes in property values or commercial activ-
12 ity;

13 (C) employment, including the potential
14 loss of existing and new jobs in the community;

15 (D) existing businesses and future eco-
16 nomic development; and

17 (E) the estimated cost of Federal and
18 State disaster assistance to flood victims that
19 would have otherwise been insured by available
20 and affordable flood insurance;

21 (3) an estimate of the cross-subsidy of insur-
22 ance premiums in such communities, and the impact
23 of eliminating the cross-subsidy on those commu-
24 nities and the financial condition of the National
25 Flood Insurance Fund;

1 (4) the estimated savings to the National Flood
2 Insurance Program likely to result from expending
3 \$25,000,000 from the National Flood Insurance
4 Fund to map erosion hazard areas; and

5 (5) an assessment of the need for the develop-
6 ment of a Community Erosion Hazard Management
7 Program and, if needed, recommendations consistent
8 with the goal of providing affordable flood insurance
9 protection under the National Flood Insurance Pro-
10 gram, which would minimize the economic impact on
11 communities assessed under paragraph (2).

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

18 (c) AUTHORIZATION OF APPROPRIATION.—There are
19 authorized to be appropriated to the Director \$1,000,000
20 to carry out this section.

1 **SEC. 504. JUSTIFICATION FOR GOVERNMENT OPERATION**
2 **OF THE NATIONAL FLOOD INSURANCE**
3 **PROGRAM AND DETERMINATION OF THE**
4 **FEASIBILITY AND AVAILABILITY OF PRIVATE**
5 **SECTOR FLOOD INSURANCE COVERAGE.**

6 (a) REPORT TO CONGRESS.—Not later than 3 years
7 after the date of enactment of this Act, the Director shall
8 submit to the Congress a report containing—

9 (1) a determination of whether or not it would
10 be feasible for the National Flood Insurance Pro-
11 gram, as established under the National Flood In-
12 surance Act of 1968, to be administered by the pri-
13 vate insurance industry in accordance with part A of
14 chapter II of such Act and recommendations for
15 modifications to the program to facilitate adminis-
16 tration by the private insurance industry;

17 (2) if applicable, the reasons and justification,
18 in accordance with section 1340 of the National
19 Flood Insurance Act of 1968, for a determination
20 that the operation of the National Flood Insurance
21 Program cannot be carried out without the Federal
22 Government's assumption of the operational respon-
23 sibility for flood insurance under the National Flood
24 Insurance Act of 1968;

25 (3) the estimated impact on the availability and
26 affordability of flood insurance if the National Flood

1 Insurance Program were to be administered by the
2 private insurance industry;

3 (4) the estimated impact on the cost and effi-
4 ciency of other Federal emergency management pro-
5 grams, including Federal disaster assistance, if the
6 National Flood Insurance Program were to be ad-
7 ministered by the private insurance industry;

8 (5) the effect of the Federal Government’s as-
9 sumption of the operational responsibility for flood
10 insurance on the availability and affordability of pri-
11 vate flood insurance coverage; and

12 (6) the availability and cost of private flood in-
13 surance in each of the communities participating in
14 the National Flood Insurance Program, including a
15 directory of private sector insurance providers.

16 **TITLE VI—MISCELLANEOUS**
17 **PROVISIONS**

18 **SEC. 601. MAXIMUM FLOOD INSURANCE COVERAGE**
19 **AMOUNTS.**

20 (a) IN GENERAL.—Section 1306(b) of the National
21 Flood Insurance Act of 1968 (42 U.S.C. 4013(b)) is
22 amended—

23 (1) in paragraph (1)(A)—

24 (A) by inserting “and” at the end of clause

25 (i); and

1 (B) by striking clause (iii);

2 (2) by striking subparagraph (B) of paragraph
3 (1) and inserting the following new subparagraph:

4 “(B) in the case of any nonresidential
5 property, including churches—

6 “(i) \$100,000 aggregate liability for
7 each structure; and

8 “(ii) \$100,000 aggregate liability for
9 any contents related to each structure;”;

10 (3) by striking subparagraph (C) of paragraph
11 (1);

12 (4) in paragraph (2), by striking “so as to en-
13 able” and all that follows through the end of the
14 paragraph and inserting “up to an amount, includ-
15 ing the limits specified in clause (i) of paragraph
16 (1)(A), of \$250,000 multiplied by the number of
17 dwelling units in the building;”;

18 (5) in paragraph (3), by striking “so as to en-
19 able” and all that follows through the end of the
20 paragraph and inserting “up to an amount, includ-
21 ing the limits specified in clause (ii) of paragraph
22 (1)(A), of \$100,000 for any single-family dwelling
23 and \$250,000 for any residential structure contain-
24 ing more than one dwelling unit;”;

1 (6) by striking paragraph (4) and inserting the
2 following new paragraph:

3 “(4) in the case of any nonresidential property,
4 including churches, additional flood insurance in ex-
5 cess of the limits specified in clauses (i) and (ii) of
6 paragraph (1)(B) shall be made available to every
7 insured upon renewal and every applicant for insur-
8 ance up to an amount, including the limits specified
9 in paragraph (1)(B), of \$2,400,000 for each struc-
10 ture and \$2,400,000 for any contents related to each
11 structure; and”.

12 (b) ACTUARIAL RISK PREMIUMS ON REPETITIVE
13 LOSS STRUCTURES.—Section 1306(b) of the National
14 Flood Insurance Act of 1968 (42 U.S.C. 4013(b)) is
15 amended—

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

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

20 (3) by adding at the end the following new
21 paragraph:

22 “(7) upon determining that a property is a re-
23 petitive loss structure, and after making a payment
24 to the insured under section 1304(e), the Director
25 shall charge the applicable risk premium rate for

1 flood insurance based on consideration of the risk in-
2 volved and accepted actuarial principles under sec-
3 tion 1307(a)(1), except that the Director may not
4 increase the premium rate above the level authorized
5 in paragraph (7); and”.

6 (c) ANNUAL 10-PERCENT PREMIUM RATE INCREASE
7 CAP.—Section 1306(b) of the National Flood Insurance
8 Act of 1968 (42 U.S.C. 4013(b)) is amended by adding
9 at the end the following:

10 “(8) the Director may not increase the pre-
11 mium rate applied to a structure in any 12-month
12 period by more than 10 percent over the rate pre-
13 viously applied to that structure during the preced-
14 ing 12-month period.”.

15 (d) CONFORMING AMENDMENTS.—Section
16 1306(b)(5) of the National Flood Insurance Act of 1968
17 (42 U.S.C. 4013(b)(5)) is amended—

18 (1) by striking “(A), (B), or (C)” and inserting
19 “(A) or (B)”; and
20 (2) by striking “(1)(C),”.

21 **SEC. 602. ADDITIONAL COVERAGE FOR COMPLIANCE WITH**
22 **LAND USE AND CONTROL MEASURES.**

23 (a) IN GENERAL.—Section 1304(e) of the National
24 Flood Insurance Act of 1968 (42 U.S.C. 4011(a)) is
25 amended by inserting before the period “, including the

1 cost of compliance with land use and control measures for
2 properties that are repetitive loss structures or that have
3 flood damage in which the cost of repairs equals or exceeds
4 50 percent of the value of the structure at the time of
5 the flood event. The Director shall impose a uniform sur-
6 charge on each insured of not more than \$30 per policy
7 to provide cost of compliance coverage under this section”.

8 (b) APPLICABILITY.—The provisions of subsection
9 (a) shall apply only to structures that sustain flood-related
10 damage after the date of enactment of this Act.

11 (c) REPORT.—Not later than 5 years after the date
12 of enactment of this Act, the Director shall submit a re-
13 port to the Congress describing the activities undertaken
14 to provide insurance coverage for the cost of compliance
15 with land use and control measures under subsection (a).
16 Such report shall evaluate the costs and savings to the
17 National Flood Insurance Program resulting from provid-
18 ing this additional coverage.

19 **SEC. 603. FLOOD INSURANCE PROGRAM ARRANGEMENTS**
20 **WITH PRIVATE INSURANCE ENTITIES.**

21 Section 1345(b) of the National Flood Insurance Act
22 of 1968 (42 U.S.C. 4081(b)) is amended by striking the
23 period at the end and inserting the following: “and without
24 regard to the provisions of the Federal Advisory Commit-
25 tee Act.”.

1 **SEC. 604. UPDATING OF FLOOD INSURANCE MAPS AND**
2 **IDENTIFICATION OF EROSION HAZARD**
3 **AREAS.**

4 Section 1360 of the National Flood Insurance Act of
5 1968 (42 U.S.C. 4101) is amended by adding at the end
6 the following new subsections:

7 “(e) ASSESSMENT OF NEED TO UPDATE AREAS.—

8 (1) Once during each 5-year period (the 1st such period
9 beginning on the date of enactment of the National Flood
10 Insurance Program Improvement Act of 1994), or more
11 often as the Director determines necessary, the Director
12 shall assess the need to revise and update the flood insur-
13 ance rate map.

14 “(2) Upon the request of a State or community stat-
15 ing that a flood insurance rate map needs revision or up-
16 dating, the Director shall review and update the flood in-
17 surance rate map for the State or community. The Direc-
18 tor may require the State or community to pay a portion
19 of the cost of updating the map.

20 “(f) AVAILABILITY.—To promote compliance with the
21 requirements of this title, the Director shall make flood
22 insurance rate maps and related information available free
23 of charge to Federal agencies and to State agencies di-
24 rectly responsible for coordinating the National Flood In-
25 surance Program and to appropriate representatives of
26 communities participating in the National Flood Insur-

1 ance Program, and at a reasonable cost to all other per-
2 sons pursuant to section 1310.

3 “(g) NOTIFICATION.—The Director shall publish in
4 the Federal Register or by other comparable method, no-
5 tices of changes to flood insurance map panels, and
6 changes to flood insurance map panels issued in the form
7 of Letters of Map Amendment and Letters of Map Revi-
8 sion. The map change or revision shall become effective
9 upon publication. Such comparable methods shall include
10 all pertinent information, provide for regular and frequent
11 distribution, and be at least as accessible to map users
12 as the Federal Register. Notices published in the Federal
13 Register, or otherwise, shall also include information on
14 how to obtain copies of the changes or revisions.

15 “(h) AVAILABILITY.—On March 1 and October 1 of
16 each year, the Director shall publish separately and make
17 available in their entirety within a compendium, all
18 changes and revisions to flood insurance map panels and
19 all Letters of Map Amendment and Letters of Map Revi-
20 sion that were published in the Federal Register or distrib-
21 uted through other comparable methods during the pre-
22 ceding 6 months, free of charge, to Federal agencies,
23 States, and communities participating in the National
24 Flood Insurance Program pursuant to section 1310 and
25 at cost to all other persons.”.

1 **SEC. 605. AGRICULTURAL STRUCTURES.**

2 Section 1361 of the National Flood Insurance Act of
3 1968 (42 U.S.C. 4102) is amended by adding at the end
4 the following new subsection:

5 “(d) AGRICULTURAL STRUCTURES.—

6 “(1) EXEMPTION FROM FLOODWAY ACTIVITY
7 RESTRICTIONS.—Notwithstanding any other provi-
8 sion of law, the adequate land use and control meas-
9 ures adopted in an area (or subdivision thereof) pur-
10 suant to section 1315(a) may provide, at the discre-
11 tion of the appropriate State or local authority, for
12 the repair and restoration to pre-damaged conditions
13 of an agricultural structure that—

14 “(A) is a repetitive loss structure; or

15 “(B) has incurred flood-related damage to
16 the extent that the cost of restoring the struc-
17 ture to its pre-damaged condition would equal
18 or exceed 50 percent of the market value of the
19 structure before the damage occurred.

20 “(2) DEFINITIONS.—For purposes of this sub-
21 section—

22 “(A) the term ‘agricultural structure’
23 means any structure used exclusively in connec-
24 tion with the production, harvesting, storage,
25 raising, or drying of agricultural commodities;
26 and

1 “(B) the term ‘agricultural commodities’
2 means agricultural commodities and livestock.”.

3 **SEC. 606. FUNDING FOR INCREASED ADMINISTRATIVE AND**
4 **OPERATIONAL RESPONSIBILITIES.**

5 (a) AVAILABILITY OF FUND.—Section 1310(a) of the
6 National Flood Insurance Act of 1968 (42 U.S.C.
7 4017(a)), as amended by section 303, is amended—

8 (1) in the matter preceding paragraph (1), by
9 inserting “(except as otherwise provided)” after
10 “without fiscal year limitation”;

11 (2) in paragraph (6), as added by section 303
12 of this Act, by striking the period at the end and in-
13 serting “; and”; and

14 (3) by adding at the end the following new
15 paragraph:

16 “(7) for revising and updating flood insurance
17 rate maps under section 1360(i), except that the
18 fund shall be available for the purpose under this
19 paragraph in an amount not to exceed \$2,000,000,
20 in each fiscal year beginning after the expiration of
21 the 2-year period beginning on the date of enact-
22 ment of the National Flood Insurance Program Im-
23 provement Act of 1994.”.

1 (b) CREDITS OF FUND.—Section 1310(b) of the Na-
2 tional Flood Insurance Act of 1968 (42 U.S.C. 4017(b))
3 is amended—

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

6 (2) by redesignating paragraph (6) as para-
7 graph (7); and

8 (3) by inserting after paragraph (5) the follow-
9 ing new paragraph:

10 “(6) any penalties collected under section
11 102(f) of the Flood Disaster Protection Act of 1973;
12 and”.

13 **SEC. 607. SEPARATE ACCOUNT FOR FLOOD INSURANCE**
14 **FUND.**

15 Section 1310(a) of the National Flood Insurance Act
16 (42 U.S.C. 4017(a)) is amended by inserting before
17 “which shall be available” the following: “which shall be
18 maintained in the Treasury as an account separate from
19 any other funds available to the Director, and”.

20 **SEC. 608. NONWAIVER OF FLOOD PURCHASE REQUIRE-**
21 **MENT FOR RECIPIENTS OF FEDERAL DISAS-**
22 **TER ASSISTANCE.**

23 Section 311(b) of the Robert T. Stafford Disaster Re-
24 lief and Emergency Assistance Act (42 U.S.C. 5154(b))
25 is amended by adding at the end the following: “The re-

1 requirements of this subsection may not be waived under
2 section 301.”.

3 **SEC. 609. INSURANCE WAITING PERIOD.**

4 Section 1308 of the National Flood Insurance Act of
5 1968 (42 U.S.C. 4014) is amended by adding at the end
6 the following new subsection:

7 “(e)(1) The Director shall establish a waiting period
8 of not less than 10 days from the presentment of payment
9 of a premium for the initial purchase of flood insurance
10 under this title. Flood insurance coverage shall not be
11 available with respect to any claim for damage incurred
12 during such waiting period.

13 “(2) This subsection shall not apply to the initial pur-
14 chase of flood insurance under this title when the purchase
15 of insurance is in connection with the making, increasing,
16 extension, or renewal of a loan.”.

17 **SEC. 610. IMPLEMENTATION REVIEW BY THE DIRECTOR.**

18 Section 1320 of the National Flood Insurance Act of
19 1968 (42 U.S.C. 4027) is amended—

20 (1) by striking “The Director” and inserting
21 the following:

22 “(a) IN GENERAL.—The Director”; and

23 (2) by adding at the end the following new sub-
24 section:

1 “(b) EFFECTS OF FLOOD INSURANCE PROGRAM.—
2 The Director shall include, as part of the biennial report
3 submitted under subsection (a), a chapter reporting on the
4 effects on the flood insurance program observed through
5 implementation of requirements under the National Flood
6 Insurance Program Improvement Act of 1994.”.

7 **SEC. 611. REGULATIONS.**

8 The Director and the head of any appropriate Fed-
9 eral agency may each issue any regulations necessary to
10 carry out the applicable provisions of this Act and the ap-
11 plicable amendments made by this Act.

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HR 4052 IH—2

HR 4052 IH—3

HR 4052 IH—4

HR 4052 IH—5