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March 3, 2014

Dear Representative,

This week, the House is scheduled to consider a modified version of H.R. 3370, the Homeowner Flood Insurance Affordability Act. As modified, the legislation provides a more immediate and balanced solution to the unintended consequences of Biggert-Waters implementation. This is a critical vote for REALTORS®, and we urge you to support the legislation as amended.

The modified bill resolves the Biggert-Waters implementation issues by removing FEMA's authority to increase premium rates to unjustified levels at the time of a property's sale. It also restores the grandfathering of properties which have been built to code. Both provisions are replaced with steady 15% annual increases to bring back rate stability to local real estate markets and ensure that both property owners and prospective buyers are treated equally. The bill is fully paid for with a small assessment on policies until full-risk rates are achieved.

The legislation includes many more positive provisions, including increasing the home improvement threshold, reimbursing property owners for successful flood map appeals, creating a flood insurance advocate for homeowners, preserving the basement exception, addressing problems relating to escrow accounts for policy holders, imposing strict deadlines on FEMA to implement rate changes, adding a hard cap on individual policies so no one paying the full-risk rate can see more than an 18% increase in a given year, directing FEMA to minimize the number of policies with a premium that exceeds 1% of insurance coverage, and refunding policyholders who purchased pre-FIRM homes before FEMA could warn them of a premium increase into the tens of thousands of dollars.

We urge you to vote "yes" on the Homeowner Flood Insurance Affordability Act (H.R. 3370) as amended. America's home and small business owners cannot afford to wait any longer while FEMA continues to implement excessive rate increases that are stalling home sales and inhibiting the housing recovery in communities nationwide.

Sincerely,

Steve Brown

2014 President, National Association of REALTORS®

