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June 6, 2017

The Honorable Jeb Hensarling  
Chairman  
House Financial Services Committee  
2228 Rayburn House Office Building  
Washington, DC 20515

The Honorable Maxine Waters  
Ranking Member  
House Financial Services Committee  
2221 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the more than 1.2 million members of the National Association of REALTORS® (NAR), thank you for holding this hearing entitled “Flood Insurance Reform: A Taxpayers Perspective” to examine the proposed draft legislation to reform and reauthorize the National Flood Insurance Program (NFIP). The NFIP is set to expire in less than four months and REALTORS® urge Congress to act quickly to avoid any lapse in program authority while continuing to work toward a long-term reauthorization and reform measure. Experience has shown that 1,300 home sales could be delayed or lost each day that the NFIP fails to be reauthorized.

On May 25, 2017, Housing and Insurance Subcommittee Chairman Duffy released six draft bills to reform the NFIP. NAR has reviewed these drafts and our section-by-section analysis can be found attached to this letter. Overall, the bill reflects many NAR member priorities. NAR supports many of the bill provisions including a 5-year reauthorization, \$1 billion investment in pre-flood mitigation, streamlining the processes for community flood map appeals and claim determinations, and opening the door to a more robust private flood insurance market. Specifically, the bill includes a number of provisions requested by NAR, including providing increased-cost-of-compliance grants for pre-flood mitigation, requiring FHA to consider private flood insurance, and requiring that NFIP account for coastal and inland locations when developing NFIP rates.

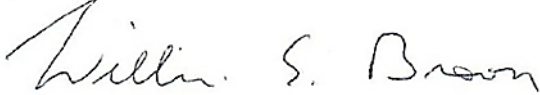
At the same time, as our analysis outlines, we believe there are several areas where the drafts can be strengthened and clarified. We would like to highlight three main areas of concern here.

1. NFIP must be directed, and funds authorized, to obtain building elevation data in order to calculate full risk rates and develop property-specific flood maps. NFIP should also provide property owners and prospective buyers, information about their flood risk, cost, premiums, and mitigation options as North Carolina has done through its [Flood Risk Information System \(FRIS\)](#).
2. Grandfathering must be preserved for property owners who have built to flood standards in place at the time of mapping. Elevating a home can easily cost tens of thousands of dollars. Homeowners must have some assurance that their substantial mitigation investments will not be lost when the NFIP updates the flood map a few years later.
3. While NAR welcomes the \$10,000 cap on annual premium rates included in the draft legislation and supports the continued gradual phase-in toward full risk rates, there are various new surcharges and fee increases contained in different parts of the six drafts. NAR members need to know the full cost of flood insurance and respectfully requests additional information to understand the full affordability picture in order to evaluate the bill.



REALTORS® appreciate the many concrete steps the committee has taken to put the NFIP on a path to fiscal solvency while also giving property owners more options for flood insurance coverage. The current drafts contain many positive changes that are supported by NAR members and in many instances were recommended by REALTORS® through our experiences working with clients in the field on a daily basis. We stand ready to work with Congress to address the concerns outlined in the following pages, and look forward to seeing an on time, long-term reauthorization of the NFIP before September 30<sup>th</sup> of this year.

Sincerely,



William E. Brown

2017 President, National Association of REALTORS®

cc: Members of the House Financial Services Committee

Enclosure:

NAR Comments on NFIP Reform Draft Bills Dated June 6, 2017