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1ST SESSION

H. R. 62

To revise the national flood insurance program to provide for mitigation insurance coverage and claims payments to reduce damages to structures suffering severe or repetitive flooding or subject to shoreline erosion, to promote compliance with requirements for mandatory purchase of flood insurance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. BEREUTER introduced the following bill; which was referred to the
Committee on Banking, Finance and Urban Affairs

SEPTEMBER 14, 1993

Additional sponsors: Ms. KAPTUR, Mr. DE LUGO, and Mr. CASTLE

A BILL

To revise the national flood insurance program to provide for mitigation insurance coverage and claims payments to reduce damages to structures suffering severe or repetitive flooding or subject to shoreline erosion, to promote compliance with requirements for mandatory purchase of flood insurance, 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,*

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

2 (a) SHORT TITLE.—This Act may be cited as the
3 “National Flood Insurance Compliance, Mitigation, and
4 Erosion Management Act of 1993”.

5 (b) TABLE OF CONTENTS.—

- Sec. 1. Short title and table of contents.
- Sec. 2. Congressional findings.
- Sec. 3. Declaration of purpose under the 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. Fine for failure to require flood insurance or notify.
- Sec. 205. Ongoing compliance with flood insurance purchase requirements.
- Sec. 206. Notice requirements.
- Sec. 207. Standard hazard determination forms.
- Sec. 208. 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. Funding.

TITLE IV—MITIGATION OF FLOOD AND EROSION RISKS

- Sec. 401. Repeal of flooded property purchase and loan program.
- Sec. 402. Termination of erosion-threatened structures program.
- Sec. 403. Flood and erosion damage mitigation insurance.
- Sec. 404. Limitations on flood insurance coverage in areas of extreme erosion risk.
- Sec. 405. Modification of floodplain management provisions.
- Sec. 406. Riverine erosion study.

TITLE V—FLOOD INSURANCE TASK FORCE

- Sec. 501. Flood Insurance Interagency Task Force.

TITLE VI—MISCELLANEOUS PROVISIONS

- Sec. 601. Maximum flood insurance coverage amounts.

- Sec. 602. Flood insurance program arrangements with private insurance entities.
- Sec. 603. Updating of flood maps and assessment and mapping of erosion hazard zones.
- Sec. 604. Funding for increased administrative and operational responsibilities.
- Sec. 605. Regulations.

1 **SEC. 2. CONGRESSIONAL FINDINGS.**

2 The Congress finds that—

3 (1) with respect to flood damage, a structured
4 prefunded insurance program is preferable to a re-
5 sponse based on post-disaster relief;

6 (2) the Federal Government and State and local
7 governments must work together to successfully
8 carry out the national flood insurance program;

9 (3) a Federal flood insurance program that
10 combines predisaster mitigation efforts together with
11 an insurance and compliance program will reduce
12 the physical and economic effects of flood damage on
13 the Federal Government, State, and local govern-
14 ments, and individuals;

15 (4) the national flood insurance program and
16 the citizens of the United States have benefited from
17 a low incidence of major storms and hurricanes in
18 recent years;

19 (5) the present reserve in the national flood in-
20 surance program of nearly \$400,000,000 remains
21 extremely vulnerable to another major storm causing
22 billions of dollars in damage claims, which could de-

1 plete the national flood insurance fund, exacerbate
2 the Federal budget deficit, and threaten the safety
3 and soundness of financing institutions holding un-
4 insured mortgages on properties in flood-prone
5 areas;

6 (6) only 1,700,000 of an estimated 11,000,000
7 households in special flood hazard areas are pro-
8 tected by flood insurance;

9 (7) the number of properties insured against
10 floods remained roughly constant during the 1980's
11 despite continuing growth in real estate activity in
12 coastal, lakeshore, and riverine areas;

13 (8) requiring flood insurance coverage for struc-
14 tures subject to private mortgages (in addition to
15 those subject to federally related mortgages) will re-
16 sult in a more comprehensive flood-risk insurance
17 program;

18 (9) the floodplain management and land use
19 and control measures adopted by communities par-
20 ticipating in the national flood insurance program
21 have resulted in lower claims for structures con-
22 structed in compliance with such measures;

23 (10) the national flood insurance program
24 should require and provide for notification regarding
25 flood insurance purchase requirements under the

1 program to homeowners, mortgage lenders, and
2 mortgage servicers;

3 (11) lending to aid development of areas within
4 the Coastal Barrier Resources System is inherently
5 risky and can affect the financial condition of feder-
6 ally insured financial institutions;

7 (12) the Federal regulatory agencies for deposi-
8 tory and nondepository institutions should, in the
9 course of examinations of institutions, pay particular
10 attention to the quality of loans that would aid the
11 development of coastal barriers within the Coastal
12 Barrier Resources System;

13 (13) incentives in the form of reduced premium
14 rates for flood insurance under the national flood in-
15 surance program should be provided in communities
16 that have adopted and enforced exemplary or par-
17 ticularly effective measures for floodplain manage-
18 ment;

19 (14) a community-based approach to mitigation
20 and erosion management, to reduce losses in
21 floodplains, is the most comprehensive, effective, and
22 cost-efficient method of minimizing losses in
23 floodplains and reducing disaster assistance expendi-
24 tures;

1 (15) such community-based mitigation and loss
2 prevention methods should be incorporated in the
3 national flood insurance program;

4 (16) unprecedented growth in population and
5 development has occurred along coasts and rivers of
6 the United States and it is estimated that a signifi-
7 cant portion of the United States population is ex-
8 posed to the hazard of floods, flooding disasters, and
9 erosion damage;

10 (17) repeat claims, which involve about 2 per-
11 cent of total insured properties, account for 32 per-
12 cent of the total losses from the flood insurance
13 fund, amounting to over \$1,000,000,000 since Janu-
14 ary 1978;

15 (18) no comprehensive Federal program exists
16 to evaluate and provide technical assistance and
17 funds for the mitigation of damages to repetitively
18 and severely damaged structures or insured struc-
19 tures threatened by shoreline erosion, and such a
20 program would reduce the vulnerability of the Fed-
21 eral Government to flood losses;

22 (19) no comprehensive Federal program exists
23 to assist in the removal of structures out of high
24 risk areas, such as regulatory floodways and coastal
25 high hazard zones, before disaster strikes;

1 (20) flood and erosion hazards can be signifi-
2 cantly reduced by deterring development in wetlands
3 and open-space and recreational areas;

4 (21) gradual, long-term retreat of portions of
5 the Nation's coastline and the resulting inland ad-
6 vancement of flood hazards is increasing the expo-
7 sure of insured structures to flood damages;

8 (22) a comprehensive coastal erosion manage-
9 ment program can provide a variety of mitigation al-
10 ternatives to reduce erosion losses to existing struc-
11 tures and protect new structures from erosion losses,
12 thereby reducing Federal expenditures due to ero-
13 sion;

14 (23) since enactment in 1988, section 1306(c)
15 of the National Flood Insurance Act of 1968 has not
16 functioned as envisioned or intended and has re-
17 sulted in a preference for demolition of buildings
18 subject to erosion damages, which is more costly
19 than relocating structures;

20 (24) there has been a recognized need for the
21 Federal Emergency Management Agency to formally
22 assess, on an ongoing basis, the accuracy of flood
23 hazard maps for communities, thereby ensuring that
24 maps are updated and revised in a timely fashion as
25 needed;

1 (25) the level of flood insurance coverage that
2 an individual can purchase has not been increased
3 since 1977;

4 (26) due to substantial increases in construc-
5 tion costs, many property owners are prevented from
6 purchasing flood insurance for the replacement value
7 of the building, potentially resulting in an owner not
8 receiving a payment to fully restore flood-damaged
9 property; and

10 (27) wise use of the floodplain minimizes ad-
11 verse impacts upon the natural and beneficial func-
12 tions of the floodplain, such as moderation of flood-
13 ing, retention of floodwaters, reduction of erosion
14 and sedimentation, preservation of water quality,
15 groundwater recharge, and provision of fisheries and
16 wildlife habitat.

17 **SEC. 3. DECLARATION OF PURPOSE UNDER THE NATIONAL**
18 **FLOOD INSURANCE ACT OF 1968.**

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

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

23 (2) by inserting after the comma at the end of
24 clause (2) the following: “(3) encourage State and
25 local governments to protect natural and beneficial

1 floodplain functions that reduce flood-related
2 losses.”.

3 **TITLE I—DEFINITIONS**

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

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

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

9 “(5) ‘Federal entity for lending regulation’
10 means the Board of Governors of the Federal Re-
11 serve System, the Federal Deposit Insurance Cor-
12 poration, the Comptroller of the Currency, the Office
13 of Thrift Supervision, and the National Credit
14 Union Administration, and with respect to a particu-
15 lar regulated lending institution means the entity
16 primarily responsible for the supervision, approval,
17 or regulation of the institution;”;

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

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

22 “(7) ‘lender’ includes any regulated lending in-
23 stitution, other lending institution, and Federal
24 agency (to the extent the agency makes direct loans
25 subject to the provisions of this Act), but does not

1 include any agency engaged primarily in the pur-
2 chase of mortgage loans;

3 “(8) ‘other lending institution’ means any lend-
4 ing institution that is not subject to the supervision,
5 approval, regulation, or insuring of any Federal en-
6 tity for lending regulation and that is not a Federal
7 agency, but does not include institutions engaged
8 primarily in the purchase of mortgage loans; and

9 “(9) ‘regulated lending institution’ means any
10 bank, savings and loan association, credit union, or
11 similar institution subject to the supervision, ap-
12 proval, regulation, or insuring of a Federal entity for
13 lending regulation.”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) REQUIREMENTS TO PURCHASE FLOOD IN-
16 SURANCE.—Section 102(b) of the Flood Disaster
17 Protection Act of 1973 (42 U.S.C. 4012a(b)) is
18 amended by striking “Each Federal instrumentality
19 responsible for the supervision, approval, regulation,
20 or insuring of banks, savings and loan associations,
21 or similar institutions shall by regulation direct such
22 institutions” and inserting “Each Federal entity for
23 lending regulation shall by regulation direct regu-
24 lated lending institutions”.

1 (2) EFFECT OF NONPARTICIPATION IN FLOOD
2 INSURANCE PROGRAM.—Section 202(b) of the Flood
3 Disaster Protection Act of 1973 (42 U.S.C.
4 4106(b)) is amended by striking “Federal instru-
5 mentality described in such section shall by regula-
6 tion require the institutions” and inserting “Federal
7 entity for lending regulation (with respect to regu-
8 lated lending institutions), the Secretary of Housing
9 and Urban Development (with respect to other lend-
10 ing institutions), and the appropriate head of each
11 Federal agency acting as a lender, shall by regula-
12 tion require the lenders”.

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

14 (a) IN GENERAL.—Section 1370(a) of the National
15 Flood Insurance Act of 1968 (42 U.S.C. 4121(a)) is
16 amended—

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

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

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

23 “(7) the term ‘coastal’ means relating to the
24 coastlines and bays of the tidal waters of the United
25 States or the shorelines of the Great Lakes, but does

1 not refer to bayous, riverine areas, and riverine por-
2 tions of estuaries;

3 “(8) the term ‘Federal entity for lending regu-
4 lation’ means the Board of Governors of the Federal
5 Reserve System, the Federal Deposit Insurance Cor-
6 poration, the Comptroller of the Currency, the Office
7 of Thrift Supervision, and the National Credit
8 Union Administration, and with respect to a particu-
9 lar regulated lending institution means the entity
10 primarily responsible for the supervision, approval,
11 or regulation of the institution;

12 “(9) the term ‘lender’ includes any regulated
13 lending institution, other lending institution, and
14 Federal agency (to the extent the agency makes di-
15 rect loans subject to the provisions of this Act), but
16 does not include any agency engaged primarily in
17 the purchase of mortgage loans;

18 “(10) the term ‘natural and beneficial flood-
19 plain functions’ means (A) the functions associated
20 with the natural or relatively undisturbed floodplain
21 that moderate flooding, retain flood waters, or re-
22 duce erosion and sedimentation, and (B) ancillary
23 beneficial functions, including maintenance of water
24 quality, recharge of ground water, and provision of
25 fisheries and wildlife habitat;

1 “(11) the term ‘regulated lending institution’
2 means a bank, savings and loan association, credit
3 union, or similar institution subject to the super-
4 vision, approval, regulation, or insuring of a Federal
5 entity for lending regulation;

6 “(12) the term ‘other lending institution’ means
7 any lending institution that is not subject to the su-
8 pervision, approval, regulation, or insuring of any
9 Federal entity for lending regulation and that is not
10 a Federal agency, but does not include institutions
11 engaged primarily in the purchase of mortgage
12 loans; and”.

13 (b) CONFORMING AMENDMENT.—Section 1322(d) of
14 the National Flood Insurance Act of 1968 (42 U.S.C.
15 4029(d)) is amended by striking “federally supervised, ap-
16 proved, regulated, or insured financial institution” and in-
17 serting “regulated lending institution”.

18 **TITLE II—COMPLIANCE AND** 19 **INCREASED PARTICIPATION**

20 **SEC. 201. EXISTING FLOOD INSURANCE PURCHASE RE-** 21 **QUIREMENTS.**

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

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

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

3 “(2) Paragraph (1) may not be construed to permit
4 the provision of any amount of financial assistance with
5 respect to any building or mobile home and related per-
6 sonal property for which flood insurance is required under
7 such paragraph, unless the requirements under such para-
8 graph are complied with in full. The prohibitions and re-
9 quirements under paragraph (1) relating to financial as-
10 sistance may not be waived for any purpose.”.

11 **SEC. 202. EXPANDED FLOOD INSURANCE PURCHASE RE-**
12 **QUIREMENTS.**

13 (a) IN GENERAL.—Section 102(b) of the Flood Dis-
14 aster Protection Act of 1973 (42 U.S.C. 4012a(b)), as
15 amended by the preceding provisions of this Act, is further
16 amended—

17 (1) by inserting “(1)” after “(b)”;

18 (2) by inserting “(after consultation and coordi-
19 nation with the Financial Institutions Examination
20 Council established under the Federal Financial In-
21 stitutions Examination Council Act of 1974)” before
22 “shall by regulation”; and

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

1 “(2) The Secretary of Housing and Urban Develop-
2 ment (after consultation and coordination with the Finan-
3 cial Institutions Examination Council) shall by regulation
4 direct that any other lending institution may not make,
5 increase, extend, or renew any loan secured by improved
6 real estate or a mobile home located or to be located in
7 an area that has been identified by the Director of the
8 Federal Emergency Management Agency as an area hav-
9 ing special flood hazards and in which flood insurance has
10 been made available under the National Flood Insurance
11 Act of 1968, unless the building or mobile home and any
12 personal property securing such loan is covered for the
13 term of the loan by flood insurance in the amount provided
14 in paragraph (1).

15 “(3) A Federal agency may not make, increase, ex-
16 tend, or renew any loan secured by improved real estate
17 or a mobile home located or to be located in an area that
18 has been identified by the Director of the Federal Emer-
19 gency Management Agency as an area having special flood
20 hazards and in which flood insurance has been made avail-
21 able under the National Flood Insurance Act of 1968, un-
22 less the building or mobile home and any personal prop-
23 erty securing such loan is covered for the term of the loan
24 by flood insurance in the amount provided in paragraph
25 (1). The relevant head of each Federal agency acting as

1 a lender shall issue any regulations necessary to carry out
2 this paragraph. Such regulations shall be consistent with
3 and substantially identical to the regulations issued under
4 paragraphs (1) and (2).

5 “(4) Notwithstanding any other Federal or State law,
6 any lender may charge the borrower a reasonable fee (as
7 determined by the Director) for the costs of determining
8 whether the improved real estate or mobile home securing
9 the loan is located in an area of special flood hazards, but
10 only if such determination is made pursuant to the mak-
11 ing, increasing, extending, or renewing of a loan described
12 under paragraph (1), (2), or (3) that is initiated by the
13 borrower.

14 “(5) If a borrower under a loan disputes or challenges
15 the determination of the lender that the improved real es-
16 tate or mobile home securing the loan is located in an area
17 of special flood hazards, the lender shall review and con-
18 sider any relevant information submitted to the lender by
19 the borrower.”.

20 (b) APPLICABILITY.—The amendment made by sub-
21 section (a)(3) shall apply only with respect to—

22 (1) any loan made, increased, extended, or re-
23 newed after the expiration of the 1-year period be-
24 ginning on the date of the enactment of this Act;
25 and

1 (2) any loan outstanding after the expiration of
2 the 5-year period beginning on the date of the enact-
3 ment of this Act.

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

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

8 “(d)(1) For loans secured by residential real estate,
9 each Federal entity for lending regulation (with respect
10 to any loans of regulated lending institutions) and the Sec-
11 retary of Housing and Urban Development (with respect
12 to any loans of other lending institutions), after consulta-
13 tion and coordination with the Financial Institutions Ex-
14 amination Council, shall by regulation direct that, if the
15 lender or other servicer of the loan requires the escrowing
16 of taxes, insurance premiums, or any other charges with
17 respect to property secured under residential real estate
18 loans, then any premiums and fees for flood insurance
19 under the National Flood Insurance Act of 1968 for the
20 residential real estate shall be paid to the lender or
21 servicer of the loan. Premiums and fees paid to the lender
22 or servicer shall be paid in a manner sufficient to make
23 payments as due for the duration of the loan. Upon receipt
24 of the premiums, the lender or servicer of the loan shall
25 deposit the premiums in an escrow account on behalf of

1 the borrower. Upon receipt of a notice from the Director
2 or the provider of the insurance that insurance premiums
3 are due, the lender or servicer shall pay from the escrow
4 account to the provider of the insurance the amount of
5 insurance premiums owed.

6 “(2) The appropriate head of each Federal agency
7 acting as a lender shall by regulation require and provide
8 for escrow and payment of any flood insurance premiums
9 and fees relating to residential property securing loans
10 made by the agency under the circumstances and in the
11 manner provided under paragraph (1). Any regulations is-
12 sued under this paragraph shall be consistent with and
13 substantially identical to the regulations issued under
14 paragraph (1).

15 “(3) Escrow accounts established pursuant to this
16 subsection shall be subject to the provisions of section 10
17 of the Real Estate Settlement Procedures Act of 1974.

18 “(4)(A) Notwithstanding any State or local law, the
19 Federal entities for lending regulation, the Secretary of
20 Housing and Urban Development (after consultation and
21 coordination with the Financial Institutions Examination
22 Council), and the appropriate heads of Federal agencies
23 acting as lenders shall by regulation direct that any lender
24 who purchases flood insurance or renews a contract for
25 flood insurance on behalf of or as an agent of a borrower

1 of a loan secured by residential real estate for which (i)
2 flood insurance is required, and (ii) an escrow account for
3 payment of taxes, insurance premiums, or other charges
4 has not been established, shall provide to the borrower
5 written notice of the purchase or renewal (as the Director
6 determines appropriate) on at least 2 separate occasions
7 before the purchase or renewal.

8 “(B) The notice under this paragraph shall contain
9 the following information:

10 “(i) A statement that the lender will purchase
11 or renew the flood insurance on behalf of or as an
12 agent of the borrower.

13 “(ii) The date on which such purchase or re-
14 newal will occur.

15 “(iii) The cost of the insurance coverage as pur-
16 chased or renewed by the lender.

17 “(iv) A statement that the borrower may avoid
18 the purchase or renewal by the lender by purchasing
19 flood insurance coverage under the national flood in-
20 surance program or from private insurers.

21 “(v) Any other information that the Director
22 considers appropriate.”.

23 (b) APPLICABILITY.—The amendment made by sub-
24 section (a) shall apply with respect to—

1 (1) any loan made, increased, extended, or re-
2 newed after the expiration of the 1-year period be-
3 ginning on the date of the enactment of this Act;
4 and

5 (2) any loan outstanding after the expiration of
6 the 5-year period beginning on the date of the enact-
7 ment of this Act.

8 **SEC. 204. FINE FOR FAILURE TO REQUIRE FLOOD INSUR-**
9 **ANCE OR NOTIFY.**

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

14 “(e)(1) Any regulated or other lending institution
15 that is found to have a pattern or practice of committing
16 violations under paragraph (2) shall be assessed a civil
17 penalty by the appropriate Federal entity for lending regu-
18 lation (with respect to regulated lending institutions) or
19 the Secretary of Housing and Urban Development (with
20 respect to any other lending institutions) of not more than
21 \$350 for each such violation. A penalty under this sub-
22 section may be issued only after notice and an opportunity
23 for a hearing on the record.

24 “(2) The violations referred to in paragraph (1) shall
25 be—

1 “(A) after the date of the enactment of the Na-
2 tional Flood Insurance Compliance, Mitigation, and
3 Erosion Management Act of 1993, making, increas-
4 ing, extending, or renewing a loan in violation of es-
5 crow requirements under subsection (d) of this sec-
6 tion; and

7 “(B) with respect to any loan made, increased,
8 extended or renewed after the expiration of the 1-
9 year period beginning on such date of enactment
10 and any loan outstanding after the expiration of the
11 5-year period beginning on such date of enactment,
12 making, increasing, extending, or renewing any such
13 loan in violation of the regulations issued pursuant
14 to subsection (b) of this section or the notice re-
15 quirements under section 1364 of the National
16 Flood Insurance Act of 1968.

17 “(3) The total amount of penalties assessed under
18 this subsection against any single lender for any calendar
19 year may not exceed \$100,000.

20 “(4) Notwithstanding any State or local law, for pur-
21 poses of this subsection, any lender that purchases flood
22 insurance or renews a contract for flood insurance on be-
23 half of or as an agent of a borrower of a loan for which
24 flood insurance is required shall be considered to have
25 complied with the regulations issued under subsection (b).

1 “(5) Any sale or other transfer of a loan by a lender
2 who has committed a violation under paragraph (1), that
3 occurs subsequent to the violation, shall not affect the li-
4 ability of the transferring lender with respect to any pen-
5 alty under this subsection. A lender shall not be liable for
6 any violations relating to a loan committed by another
7 lender who previously held the loan.

8 “(6) Any penalties collected under this subsection
9 shall be paid into the National Flood Insurance Fund es-
10 tablished under section 1310 of the National Flood Insur-
11 ance Act of 1968.

12 “(7) Any penalty under this subsection shall be in
13 addition to any civil remedy or criminal penalty otherwise
14 available.

15 “(8) No penalty may be imposed under this sub-
16 section for any violation under paragraph (1) after the ex-
17 piration of the 5-year period beginning on the date of the
18 occurrence of the violation.”.

19 **SEC. 205. ONGOING COMPLIANCE WITH FLOOD INSURANCE**
20 **PURCHASE REQUIREMENTS.**

21 (a) IN GENERAL.—Section 102 of the Flood Disaster
22 Protection Act of 1973 (42 U.S.C. 4012a), as amended
23 by the preceding provisions of this Act, is further amended
24 by adding at the end the following new subsection:

1 “(f)(1) Except as provided in paragraphs (2), (3),
2 and (4), before the sale or transfer of any loan secured
3 by improved real estate or a mobile home, the seller or
4 transferor of the loan shall determine whether the prop-
5 erty is in an area that has been designated by the Director
6 as an area having special flood hazards. The seller or
7 transferor shall, before sale or transfer, notify the pur-
8 chaser or transferee and any servicer of the loan in writing
9 regarding the results of the determination. A determina-
10 tion under this paragraph shall be evidenced using the
11 standard hazard determination form under section 1365
12 of the National Flood Insurance Act of 1968.

13 “(2) For any loan secured by improved real estate
14 or a mobile home, a determination and notice under para-
15 graph (1) shall not be required if, during the 5-year period
16 ending on the date of the sale or transfer of the loan—

17 “(A) a determination and notice under para-
18 graph (1) has been made for the property secured by
19 the loan; or

20 “(B)(i) the loan has been made, increased, ex-
21 tended, or renewed; and

22 “(ii) the lender making, increasing, extending,
23 or renewing the loan was subject, at the time of such
24 transaction, to regulations issued pursuant to para-
25 graph (1), (2), or (3) of subsection (b).

1 “(3)(A) For any loan secured by improved real estate
2 or a mobile home that is sold or transferred by the Federal
3 Deposit Insurance Corporation acting in its corporate ca-
4 pacity or in its capacity as conservator or receiver, the
5 purchaser or transferee of the loan shall determine wheth-
6 er the property is in an area that has been designated
7 by the Director as an area having special flood hazards.

8 “(B) Such determination and notice shall not be re-
9 quired for any loan—

10 “(i) sold or transferred to an entity under the
11 control of the Federal Deposit Insurance Corpora-
12 tion; or

13 “(ii) for which the purchaser or transferee exer-
14 cises any available option to transfer or put the loan
15 back to the Federal Deposit Insurance Corporation.

16 “(C) A purchaser or transferee of a loan required to
17 make a determination and notification under subpara-
18 graph (A) shall notify the Director and any servicer of
19 the loan of the results of the determination (using the
20 standard hazard determination form under section 1365
21 of the National Flood Insurance Act of 1968) before the
22 expiration of the 90-day period beginning on the later of
23 (i) the purchase or transfer of the loan, or (ii) the expira-
24 tion of any option that the purchaser or transferee may

1 have to transfer or put the loan back to the Federal De-
2 posit Insurance Corporation.

3 “(4)(A) For any loan secured by improved real estate
4 or a mobile home that is sold or transferred by the Resolu-
5 tion Trust Corporation acting in its corporate capacity or
6 in its capacity as a conservator or receiver, the purchaser
7 or transferee of the loan shall determine whether the prop-
8 erty is in an area that has been designated by the Director
9 as an area having special flood hazards if—

10 “(i) the Resolution Trust Corporation acquires
11 the loan after the date of the effectiveness of this
12 subsection and sells or transfers the loan before the
13 expiration of the 12-month period beginning on such
14 effective date; or

15 “(ii) the Corporation holds the loan on the date
16 of the effectiveness of this subsection and sells or
17 transfers the loan before the expiration of the 6-
18 month period beginning on such effective date.

19 “(B) A purchaser or transferee of a loan required to
20 make a determination and notification under subpara-
21 graph (A) shall notify the Director and any servicer of
22 the loan of the results of the determination (using the
23 standard hazard determination form under section 1365
24 of the National Flood Insurance Act of 1968) before the

1 expiration of the 90-day period beginning upon the pur-
2 chase or transfer of the loan.”.

3 (b) APPLICABILITY.—The amendment made by sub-
4 section (a) shall apply with respect to any loan outstand-
5 ing or entered into after the expiration of the 1-year pe-
6 riod beginning on the date of the enactment of this Act.

7 **SEC. 206. NOTICE REQUIREMENTS.**

8 Section 1364 of the National Flood Insurance Act of
9 1968 (42 U.S.C. 4104a) is amended to read as follows:

10 “NOTICE REQUIREMENTS

11 “SEC. 1364. (a) NOTIFICATION OF SPECIAL FLOOD
12 HAZARDS.—

13 “(1) LENDING INSTITUTIONS.—Each Federal
14 entity for lending regulation (with respect to regu-
15 lated lending institutions) and the Secretary of
16 Housing and Urban Development (with respect to
17 other lending institutions), after consultation and co-
18 ordination with the Financial Institutions Examina-
19 tion Council, shall by regulation require such institu-
20 tions, as a condition of making, increasing, extend-
21 ing, or renewing any loan secured by improved real
22 estate or a mobile home located or to be located in
23 an area that has been identified by the Director
24 under this title or the Flood Disaster Protection Act
25 of 1973 as an area having special flood hazards, to
26 notify the purchaser or lessee (or obtain satisfactory

1 assurances that the seller or lessor has notified the
2 purchaser or lessee) and the servicer of the loan of
3 such special flood hazards, in writing, a reasonable
4 period in advance of the signing of the purchase
5 agreement, lease, or other documents involved in the
6 transaction. The regulations shall also require that
7 the lenders retain a record of the receipt of the no-
8 tices by the purchaser or lessee and the servicer.

9 “(2) FEDERAL AGENCIES AS LENDERS.—The
10 appropriate head of each Federal agency acting as
11 a lender shall by regulation require notification in
12 the manner provided under paragraph (1) with re-
13 spect to any loan that is made by the agency and
14 secured by improved real estate or a mobile home lo-
15 cated or to be located in an area that has been iden-
16 tified by the Director under this title or the Flood
17 Disaster Protection Act of 1973 as an area having
18 special flood hazards. Any regulations issued under
19 this paragraph shall be consistent with and substan-
20 tially identical to the regulations issued under para-
21 graph (1).

22 “(3) CONTENTS OF NOTICE.—Written notifica-
23 tion required under this subsection shall include—

24 “(A) a warning, in a form to be established
25 in consultation with and subject to the approval

1 of the Director, stating that the real estate or
2 mobile home securing the loan is located or is
3 to be located in an area having special flood
4 hazards;

5 “(B) a description of the flood insurance
6 purchase requirements under section 102(b) of
7 the Flood Disaster Protection Act of 1973;

8 “(C) a statement that flood insurance cov-
9 erage may be purchased under the national
10 flood insurance program and is also available
11 from private insurers; and

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

15 “(b) NOTIFICATION OF CHANGE OF LOAN HOLDER
16 AND SERVICER.—

17 “(1) LENDING INSTITUTIONS.—Each Federal
18 entity for lending regulation (with respect to regu-
19 lated lending institutions) and the Secretary of
20 Housing and Urban Development (with respect to
21 other lending institutions), after consultation and co-
22 ordination with the Financial Institutions Examina-
23 tion Council, shall by regulation require such institu-
24 tions, as a condition of making, increasing, extend-
25 ing, renewing, selling, or transferring any loan de-

1 scribed in subsection (a)(1), to notify the Director
2 (or the designee of the Director) in writing during
3 the term of the loan of the owner and servicer of the
4 loan. Such institutions shall also notify the Director
5 (or such designee) of any change in the owner or
6 servicer of the loan, not later than 60 days after the
7 effective date of such change. The regulations under
8 this subsection shall provide that upon any sale or
9 transfer of a loan, the duty to provide notification
10 under this subsection shall transfer to the transferee
11 of the loan.

12 “(2) FEDERAL AGENCIES AS LENDERS.—The
13 appropriate head of each Federal agency acting as
14 a lender shall by regulation provide for notification
15 in the manner provided under paragraph (1) with
16 respect to any loan described in subsection (a)(1)
17 that is made by the agency. Any regulations issued
18 under this paragraph shall be consistent with and
19 substantially identical to the regulations issued
20 under paragraph (1) of this subsection.

21 “(c) NOTIFICATION OF EXPIRATION OF INSUR-
22 ANCE.—The Director (or the designee of the Director)
23 shall, not less than 45 days before the expiration of any
24 contract for flood insurance under this title, issue notice
25 of such expiration by first class mail to the owner of the

1 property, the servicer of any loan secured by the property
2 covered by the contract, and the owner of the loan.”.

3 **SEC. 207. STANDARD HAZARD DETERMINATION FORMS.**

4 Chapter III of the National Flood Insurance Act of
5 1968 (42 U.S.C. 4101 et seq.) is amended by adding at
6 the end the following new section:

7 “STANDARD HAZARD DETERMINATION FORMS

8 “SEC. 1365. (a) DEVELOPMENT.—The Director, in
9 consultation with representatives of the mortgage and
10 lending industry, the Federal entities for lending regula-
11 tion, the Federal agencies acting as lenders, and any other
12 appropriate individuals, shall develop standard written
13 and electronic forms for applications relating to real estate
14 loans and mortgages for determining flood hazard expo-
15 sure of a property.

16 “(b) DESIGN AND CONTENTS.—

17 “(1) PURPOSE.—The form under subsection (a)
18 shall be designed to facilitate a determination of the
19 exposure to flood hazards of structures located on
20 the property to which the loan application relates.
21 The form shall be consistent with and appropriate to
22 facilitate compliance with the provisions of this title.

23 “(2) CONTENTS.—The form shall require iden-
24 tification of the type of flood-risk zone in which the
25 property is located, the complete map and panel
26 numbers for the property, and the date of the map

1 used for the determination, with respect to flood
2 hazard information on file with the Director. If the
3 property is not located in an area of special flood
4 hazard the form shall require a statement to such
5 effect and shall indicate the complete map and panel
6 numbers of the property. If the complete map and
7 panel numbers for the property are not available be-
8 cause the property is not located in a community
9 that is participating in the national flood insurance
10 program or because no map exists for the relevant
11 area, the form shall require a statement to such ef-
12 fect. The form shall provide for inclusion or attach-
13 ment of any relevant documents indicating revisions
14 or amendments to maps.

15 “(c) REQUIRED USE.—The Federal entities for lend-
16 ing regulation shall by regulation require the use of the
17 form under this section by regulated lending institutions.
18 The appropriate head of each Federal agency acting as
19 a lender shall by regulation provide for the use of the form
20 with respect to any loan made by such agency. The Fed-
21 eral National Mortgage Association and the Federal Home
22 Loan Mortgage Corporation shall by regulation require
23 use of the form in connection with loans purchased by
24 such corporations. The Secretary of Housing and Urban

1 Development shall encourage the use of the form by other
2 lending institutions.

3 “(d) GUARANTEES REGARDING INFORMATION.—In
4 providing information regarding special flood hazards on
5 the form developed under this section (or otherwise re-
6 quired of a lender not required to use the form under this
7 section) any lender making, increasing, extending, or re-
8 newing a loan secured by improved real estate or a mobile
9 home may provide for the acquisition or determination of
10 such information to be made by a person other than such
11 institution, only to the extent such person guarantees the
12 accuracy of the information. The Director shall by regula-
13 tions establish requirements relating to the nature and
14 manner of such guarantees.

15 “(e) ELECTRONIC FORM.—The Federal entities for
16 lending regulation, the Secretary of Housing and Urban
17 Development, and the appropriate head of each Federal
18 agency acting as a lender shall by regulation require any
19 lender using the electronic form developed under this sec-
20 tion with respect to any loan to make available upon the
21 request of such Federal entity, Secretary, or agency head,
22 a written form under this section for such loan within 48
23 hours after such request.”.

1 **SEC. 208. FINANCIAL INSTITUTIONS EXAMINATION COUN-**
2 **CIL.**

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

7 “(g) The council shall consult and assist the Federal
8 entities for lending regulation and the Secretary of Hous-
9 ing and Urban Development in developing and coordinat-
10 ing uniform standards and requirements for use by lenders
11 as provided under the National Flood Insurance Act of
12 1968 and the Flood Disaster Protection Act of 1973.”.

13 **SEC. 209. CONFORMING AMENDMENT.**

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

1 “FLOOD INSURANCE PURCHASE AND COMPLIANCE
2 REQUIREMENTS AND ESCROW ACCOUNTS”.

3 **TITLE III—RATINGS AND INCEN-**
4 **TIVES FOR COMMUNITY**
5 **FLOODPLAIN MANAGEMENT**
6 **PROGRAMS**

7 **SEC. 301. COMMUNITY RATING SYSTEM AND INCENTIVES**
8 **FOR COMMUNITY FLOODPLAIN MANAGE-**
9 **MENT.**

10 Section 1315 of the National Flood Insurance Act of
11 1968 (42 U.S.C. 4022) is amended—

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

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

17 “(b) COMMUNITY RATING SYSTEM AND INCENTIVES
18 FOR COMMUNITY FLOODPLAIN MANAGEMENT.—

19 “(1) AUTHORITY AND GOALS.—The Director
20 shall carry out a community rating system program
21 to evaluate the measures adopted by areas (and sub-
22 divisions thereof) in which the Director has made
23 flood insurance coverage available to provide for ade-
24 quate land use and control provisions consistent with
25 the comprehensive criteria for such land manage-

1 ment and use under section 1361, to facilitate accu-
2 rate risk-rating, to promote flood insurance aware-
3 ness, and to complement adoption of more effective
4 measures for floodplain and coastal erosion manage-
5 ment.

6 “(2) INCENTIVES.—The program under this
7 subsection shall provide incentives in the form of ad-
8 justments in the premium rates for flood insurance
9 coverage in areas that the Director determines have
10 adopted and enforced the goals of the community
11 rating system under this subsection. In providing in-
12 centives under this paragraph, the Director may pro-
13 vide for additional adjustments in premium rates for
14 flood insurance coverage in areas that the Director
15 determines have implemented measures relating to
16 the protection of natural and beneficial floodplain
17 functions.

18 “(3) FUNDS.—The Director shall carry out the
19 program under this subsection with amounts, as the
20 Director determines necessary, from the National
21 Flood Insurance Fund under section 1310 and any
22 other amounts that may be appropriated for such
23 purpose.

24 “(4) REPORTS.—The Director shall submit a
25 report to the Congress regarding the program under

1 this subsection not later than the expiration of the
2 2-year period beginning on the date of the enact-
3 ment of the National Flood Insurance Compliance,
4 Mitigation, and Erosion Management Act of 1993.
5 The Director shall submit a report under this para-
6 graph not less than every 2 years thereafter. Each
7 report under this paragraph shall include an analysis
8 of the cost-effectiveness and other accomplishments
9 and shortcomings of the program and any rec-
10 ommendations of the Director for legislation regard-
11 ing the program.”.

12 **SEC. 302. FUNDING.**

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

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

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

19 (3) by inserting after paragraph (5) the follow-
20 ing new paragraph:

21 “(6) for carrying out the program under section
22 1315(b);”.

1 **TITLE IV—MITIGATION OF**
2 **FLOOD AND EROSION RISKS**

3 **SEC. 401. REPEAL OF FLOODED PROPERTY PURCHASE AND**
4 **LOAN PROGRAM.**

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

7 (b) **TRANSITION PHASE.**—Notwithstanding sub-
8 section (a), during the period beginning on the date of
9 the enactment of this Act and ending on the date that
10 flood and erosion mitigation insurance is first made gen-
11 erally available under section 1306a of the National Flood
12 Insurance Act of 1968, the Director of the Federal Emer-
13 gency Management Agency may enter into loan and pur-
14 chase commitments as provided under section 1362 of
15 such Act (as in effect immediately before the enactment
16 of this Act).

17 (c) **SAVINGS PROVISION.**—Notwithstanding sub-
18 section (a), the Director shall take any action necessary
19 to comply with any purchase or loan commitment entered
20 into before the expiration of the period referred to in sub-
21 section (b) pursuant to authority under section 1362 of
22 the National Flood Insurance Act of 1968 or subsection
23 (b).

1 **SEC. 402. 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 PHASE.—Notwithstanding sub-
7 section (a), during the period beginning on the date of
8 the enactment of this Act and ending on the date that
9 flood and erosion mitigation insurance is first made gen-
10 erally available under section 1306a of the National Flood
11 Insurance Act of 1968, the Director of the Federal Emer-
12 gency Management Agency may pay amounts under flood
13 insurance contracts for demolition or relocation of struc-
14 tures as provided in section 1306(c) of the National Flood
15 Insurance Act of 1968 (as in effect immediately before the
16 enactment of this Act).

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

1 **SEC. 403. FLOOD AND EROSION DAMAGE MITIGATION IN-**
2 **SURANCE.**

3 (a) IN GENERAL.—The National Flood Insurance
4 Act of 1968 (42 U.S.C. 4001 et seq.) is amended by in-
5 serting after section 1306 the following new section:

6 “FLOOD AND EROSION MITIGATION INSURANCE
7 COVERAGE

8 “SEC. 1306a. (a) IN GENERAL.—The Director shall
9 provide, under the flood insurance program under this
10 title, for mitigation insurance under this section to reduce
11 damage and losses from future floods to structures located
12 in special flood hazard areas and other areas and to pre-
13 vent damages to structures located along shorelines that
14 are subject to erosion.

15 “(b) SEPARATE CONTRACT AND PREMIUMS.—The
16 Director shall make flood and erosion mitigation insurance
17 available as provided under this section and as a supple-
18 ment to or under a separate contract for flood insurance
19 coverage under this title, and shall provide for the estab-
20 lishment and payment of separate premiums under sub-
21 section (i) and separate claims under this section for such
22 mitigation insurance.

23 “(c) COMMUNITY ELIGIBILITY REQUIREMENTS FOR
24 EROSION MITIGATION COVERAGE.—Mitigation insurance
25 claim payments for the purposes of relocating or demolish-
26 ing structures subject to imminent erosion damage under

1 subsection (f)(2)(C) may not be provided under this sec-
2 tion unless an appropriate public body shall have adopted
3 erosion management measures that contain the following
4 requirements:

5 “(1) PROHIBITION OF CONSTRUCTION IN 30-
6 YEAR EROSION SETBACK AREAS.—New or substan-
7 tially improved construction (as defined by the Di-
8 rector) shall not be permitted within the 30-year
9 erosion setback determined by the Director under
10 section 1360(g).

11 “(2) LIMITED CONSTRUCTION IN 60-YEAR ERO-
12 SION SETBACK AREAS.—Only readily movable new
13 and substantially improved construction that con-
14 sists of 1 to 4 dwelling units, and structures relo-
15 cated pursuant to subsection (h)(1)(A)(i) shall be
16 permitted within the 60-year erosion setback deter-
17 mined by the Director under section 1360(g).

18 “(d) AVAILABLE AND REQUIRED COVERAGE.—

19 “(1) REQUIRED COVERAGE.—Each Federal in-
20 strumentality responsible for the supervision, ap-
21 proval, regulation, or insuring of banks, savings and
22 loan associations, or similar institutions shall by reg-
23 ulation direct such institutions not to make, in-
24 crease, extend, or renew, after the expiration of the
25 1-year period beginning on the date of the enact-

1 ment of the National Flood Insurance Compliance,
2 Mitigation, and Erosion Management Act of 1993,
3 any loan secured by improved real estate or a mobile
4 home described in this paragraph, unless the build-
5 ing or mobile home and any personal property secur-
6 ing such loan is covered for the term of the loan by
7 mitigation insurance under this section at a rate de-
8 termined necessary by the Director. Mitigation in-
9 surance shall be required under this paragraph for
10 any property—

11 “(A) located in an area of special flood
12 hazards on which a structure was constructed
13 before the adoption of a flood insurance rate
14 map under section 1360(a)(2) by the relevant
15 community participating in the flood insurance
16 program under this title; or

17 “(B) located in an erosion hazard zone (as
18 determined by the Director under section
19 1360(g)) along the shoreline of the Great Lakes
20 or the tidal waters of the United States, in a
21 community that has adopted adequate erosion
22 management measures under subsection (c) of
23 this section.

24 “(2) AVAILABLE COVERAGE.—The Director
25 may make available mitigation insurance for any

1 property not required to be covered under paragraph
2 (1) that is—

3 “(A) located in an area of special flood
4 hazards on which a structure was constructed
5 or substantially improved after the adoption of
6 a flood insurance rate map under section
7 1360(a)(2) by the relevant community partici-
8 pating in the flood insurance program under
9 this title; or

10 “(B) not located in an area of special flood
11 hazards.

12 “(3) EROSION HAZARD ZONE SURCHARGE.—

13 The Director shall assess surcharges under sub-
14 section (i)(2) on the flood insurance contracts for
15 any structure located along the shoreline of the
16 Great Lakes or the coastline of the tidal waters of
17 the United States in an erosion hazard zone (as de-
18 termined by the Director under section 1360(g)) if
19 the structure is located in a community that has not
20 adopted the erosion management measures under
21 subsection (c) of this section.

22 “(4) CERTIFICATION OF EROSION DANGER.—

23 The Director shall provide for determination and
24 certification under subsection (f)(2)(C)(i) of struc-
25 tures subject to imminent danger of collapse or sub-

1 sidence located in communities that have not adopt-
2 ed the erosion management measures under sub-
3 section (c).

4 “(e) ELIGIBLE STRUCTURES.—A contract for mitiga-
5 tion insurance under this section shall provide for payment
6 of a claim only for structures that, at the time of the event
7 for which the claim is made, have been continuously cov-
8 ered by both flood and mitigation insurance as follows:

9 “(1) 5-YEAR FLOOD INSURANCE COVERAGE.—
10 The structure shall have been covered by a contract
11 for flood insurance under this title for the shorter
12 of—

13 “(A) the 5-year period ending on the date
14 of the event for which the claim is made; or

15 “(B) the period beginning on the date of
16 purchase of the structure by the owner making
17 the claim.

18 “(2) 5-YEAR MITIGATION INSURANCE COV-
19 ERAGE.—The structure shall have been covered by a
20 contract for mitigation insurance under this section
21 for the shorter of—

22 “(A) the 5-year period ending on the date
23 of the event for which the claim is made;

1 “(B) the period beginning on the date of
2 the availability of mitigation insurance under
3 this section; or

4 “(C) the period beginning on the date of
5 purchase of the structure by the owner making
6 the claim.

7 “(f) ELIGIBLE DAMAGE AND MITIGATION CLAIMS.—
8 A contract for mitigation insurance under this section
9 shall provide for payment of a claim for mitigation activi-
10 ties under subsection (g) or (h) only for structures eligible
11 under subsection (e) that suffer any of the following dam-
12 age or imminent damage:

13 “(1) FLOOD DAMAGE.—The structure shall
14 have—

15 “(A) incurred flood damage on not less
16 than 2 previous occasions (including the event
17 for which the claim is made) during the 5-year
18 period ending on the date of the event for which
19 the claim is made, the damage for which on av-
20 erage is greater than 25 percent of the value of
21 the structure (as determined by the Director ac-
22 cording to the procedure under subsection
23 (h)(2)(A)); or

1 “(B) incurred substantial flood damage (as
2 such term is defined by the Director) as a re-
3 sult of the event for which the claim is made.

4 “(2) IMMINENT EROSION DAMAGE.—The struc-
5 ture shall be—

6 “(A) located on land that is along the
7 shoreline of the Great Lakes or the tidal waters
8 of the United States, in an erosion hazard zone
9 determined by the Director under section
10 1360(g);

11 “(B) located in a community that has
12 adopted the erosion management measures
13 under subsection (c); and

14 “(C) subject to imminent danger of col-
15 lapse or subsidence as a result of erosion or un-
16 dermining caused by waves, currents of water,
17 or bluff recession, as—

18 “(i) certified by the Director or the
19 appropriate Federal, State, or local author-
20 ity (as the Director shall determine); or

21 “(ii) condemned by the appropriate
22 State or local authority.

23 “(g) CLAIMS FOR REPETITIVE OR SUBSTANTIAL
24 FLOOD DAMAGE.—Claims under a contract for mitigation

1 insurance for flood damage described under subsection
2 (f)(1) shall be subject to the following requirements:

3 “(1) USE OF PAYMENT AMOUNTS.—Any
4 amounts received for payment of a claim under such
5 subsection may be used only as follows:

6 “(A) MITIGATION ACTIVITIES.—For activi-
7 ties to demolish, relocate, elevate, or floodproof
8 a structure, as the Director shall determine
9 after evaluating—

10 “(i) the extent of damage;

11 “(ii) the physical characteristics of the
12 structure;

13 “(iii) the severity of the 100-year fre-
14 quency flood at the site of the structure;
15 and

16 “(iv) any applicable State and local
17 regulations and codes.

18 “(B) COST EFFECTIVENESS.—For activi-
19 ties that are the most cost-effective and tech-
20 nically feasible, in the determination of the Di-
21 rector, with respect to affording the structure
22 protection from the 100-year frequency flood
23 and enabling the structure to comply with the
24 land use and control measures adopted by the
25 community under section 1315(a), except that

1 if no cost-effective or technically feasible activi-
2 ties are available, the Director may, on a case-
3 by-case basis, consider and permit use of such
4 amounts for alternative activities that do not
5 fully enable a structure to comply with such
6 standards.

7 “(C) REQUIRED USE OF SUBSTANTIAL
8 FLOOD DAMAGE PAYMENT AMOUNTS.—If re-
9 ceived for payment of a claim for substantial
10 flood damage described under subparagraph
11 (B) of subsection (f)(1), the payment shall be
12 used as provided under this paragraph for ac-
13 tivities that afford the structure protection from
14 the 100-year frequency flood and enable the
15 structure to comply with the land use and con-
16 trol measures adopted by the community under
17 section 1315(a).

18 “(2) EFFECT OF PAYMENT OF CLAIM.—

19 “(A) COMPLIANCE WITH FLOODPLAIN
20 MANAGEMENT MEASURES.—For any structure
21 for which a payment is to be made on a claim
22 under a contract for mitigation insurance for
23 flood damage described under subparagraph (A)
24 or (B) of subsection (f)(1) for the purpose of
25 affording the structure protection from the 100-

1 year frequency flood and enabling the structure
2 to comply with the land use and control meas-
3 ures adopted by the community under section
4 1315(a)—

5 “(i) upon the first renewal of the
6 flood insurance contract for such property
7 occurring after the payment of such claim,
8 the Director shall provide for premium
9 rates for flood insurance for such structure
10 based only on the risk involved and sound
11 actuarial principles; and

12 “(ii) notwithstanding subsection
13 (d)(1), upon the completion of mitigation
14 activities, the provisions of such subsection
15 requiring the purchase of mitigation insur-
16 ance shall not apply.

17 “(B) NONCOMPLIANCE WITH FLOODPLAIN
18 MANAGEMENT MEASURES.—For any structure
19 for which a payment is made on a claim under
20 a contract for mitigation insurance for repet-
21 itive flood damage described under subsection
22 (f)(1)(A) for the purpose of conducting
23 floodproofing and other activities that do not
24 afford the structure protection from the 100-
25 year frequency flood nor enable the structure to

1 comply with the land use and control measures
2 adopted by the community under section
3 1315(a)—

4 “(i) the Director shall continue to
5 provide for premium rates for flood insur-
6 ance for such structure based on the proce-
7 dure otherwise generally used by the Direc-
8 tor for determining such rate;

9 “(ii) the Director shall continue to re-
10 quire the purchase of mitigation insurance
11 under subsection (d)(1), but shall provide
12 for discounted premium rates for such
13 mitigation insurance under subsection
14 (i)(3)(C)(ii) at a rate that reflects the risk
15 of future mitigation insurance payments
16 for flood claims for substantial damage
17 under subsection (f)(1)(B); and

18 “(iii) the Director shall provide for an
19 increase in the minimum deductible for
20 flood insurance for such structure based on
21 the level of protection against flood dam-
22 age afforded the structure by such activi-
23 ties.

24 “(3) EFFECT OF NONPAYMENT OF REPETITIVE
25 DAMAGE CLAIM.—With respect to any structure for

1 which a payment is not made for a claim under a
2 contract for mitigation insurance for repetitive flood
3 damage described under subsection (f)(1)(A) because
4 of the unavailability of a cost-effective alternative
5 under paragraph (1)(B) of this subsection—

6 “(A) the Director shall continue to provide
7 for premium rates for flood insurance for such
8 structure based on the procedure generally used
9 by the Director for determining such rate;

10 “(B) the Director shall provide for an in-
11 crease in the minimum deductible for flood in-
12 surance and provide for further increases in the
13 deductible upon any further payments of claims
14 under the flood insurance contract for such
15 structure; and

16 “(C) the Director shall continue to require
17 the purchase of mitigation insurance under sub-
18 section (d)(1), and shall provide for premium
19 rates under subsection (i) that reflect the pay-
20 ment of possible future mitigation insurance
21 claims under subsection (f)(1)(B).

22 “(4) PROCEDURE FOR PAYMENT OF MITIGA-
23 TION CLAIMS.—The Director shall establish proce-
24 dures for—

1 “(A) issuance of payment of claims for
2 mitigation activities under this subsection in in-
3 crements based on the percentage of the mitiga-
4 tion activity completed; and

5 “(B) on-site and other verification of the
6 percentage of the mitigation activity completed.

7 “(h) CLAIMS FOR IMMINENT EROSION DAMAGE.—
8 Claims under a contract for mitigation insurance for im-
9 minent erosion damage described under subsection (f)(2)
10 shall be subject to the following requirements:

11 “(1) USE OF PAYMENT AMOUNTS.—Any
12 amounts received for payment of a claim under such
13 subsection may be used only as follows:

14 “(A) RELOCATION ACTIVITIES.—For ac-
15 tivities to relocate the structure—

16 “(i) landward of the 30-year erosion
17 setback established under section
18 1360(g)(3), if the structure is a readily
19 movable structure consisting of 1 to 4
20 dwelling units; and

21 “(ii) landward of the 60-year erosion
22 setback established under section
23 1360(g)(2), if the structure is any other
24 type of movable structure.

1 “(B) DEMOLITION ACTIVITIES.—For ac-
2 tivities to demolish the structure if—

3 “(i) the remaining portion of the lot
4 or parcel of property on which the struc-
5 ture is located is inadequate to accommo-
6 date the relocation of the structure in con-
7 formance with subparagraph (A) and no
8 alternative location exists for relocation of
9 the structure that (in the determination of
10 the Director) would be cost-effective;

11 “(ii) the cost of relocating the struc-
12 ture is greater than the value of the struc-
13 ture as determined under the procedure
14 under paragraph (2)(A); or

15 “(iii) the structure is not of such
16 structural soundness (in the determination
17 of the Director) to permit relocation in a
18 safe manner.

19 “(2) AMOUNT OF CLAIM PAYMENT.—The Direc-
20 tor shall pay claims for imminent erosion damage
21 described under subsection (f)(2) that the Director
22 determines are in compliance with regulations issued
23 pursuant to subsection (k) in the following amounts:

24 “(A) RELOCATION CLAIMS.—For reloca-
25 tion of a structure under paragraph (1)(A), an

1 amount not to exceed 40 percent of the value
2 of the structure, as the Director shall determine
3 according to the lesser of—

4 “(i) the fair market value of a com-
5 parable structure not subject to imminent
6 collapse or subsidence;

7 “(ii) the price paid for the structure
8 and any improvement to the structure, as
9 adjusted for inflation in accordance with
10 an index determined by the Director to be
11 appropriate; or

12 “(iii) the value of the structure under
13 the flood insurance contract issued pursu-
14 ant to this title.

15 “(B) DEMOLITION CLAIMS.—For demoli-
16 tion of a structure under paragraph (1)(B)—

17 “(i) following final determination that
18 the requirements of paragraph (1)(B) have
19 been met, an amount equal to 40 percent
20 of the value of the structure as determined
21 under the procedure under subparagraph
22 (A); and

23 “(ii) following demolition of the struc-
24 ture (including any septic containment sys-
25 tem) prior to collapse, the remaining 60

1 percent of the value of the structure and
2 10 percent of the value of the structure, or
3 the actual cost of demolition, whichever is
4 less.

5 “(3) CLAIM PAYMENT AND COVERAGE LIMITA-
6 TION REGARDING MITIGATION ACTIVITIES.—With re-
7 spect to any structure covered by mitigation insur-
8 ance that is eligible for a claim for imminent erosion
9 damage described under subsection (f)(2), after the
10 expiration of the 2-year period beginning on the date
11 of the certification or condemnation of the structure
12 under subparagraph (C) of such subsection, the Di-
13 rector—

14 “(A) may not pay any amounts for reloca-
15 tion or demolition activities;

16 “(B) shall provide for the cancellation of
17 the mitigation insurance coverage for such
18 structure;

19 “(C) shall provide for the flood insurance
20 coverage under this title to pay, in the event of
21 any single occasion of flood damage, not more
22 than 40 percent of the value of the structure
23 (as the Director shall determine under the pro-
24 cedure under paragraph (2)(A)) or the actual
25 damage incurred, whichever is less; and

1 “(D) shall provide for the cancellation of
2 the flood insurance coverage for such structure
3 after the payment for any damages pursuant to
4 subparagraph (C).

5 “(4) CLAIM PAYMENT AND COVERAGE LIMITA-
6 TION REGARDING COMMUNITY PARTICIPATION.—
7 With respect to any structure covered under a con-
8 tract for flood insurance under this title that is lo-
9 cated in a community that has not adopted the ero-
10 sion management measures under subsection (c),
11 after the certification or condemnation of the struc-
12 ture pursuant to subsection (d)(4) the Director
13 shall—

14 “(A) provide for a claim under flood insur-
15 ance coverage under this title, in the event of
16 any single occasion of flood damage, in an
17 amount of not more than 40 percent of the
18 value of the structure (as the Director shall de-
19 termine under the procedure under paragraph
20 (2)(A)) or the actual damage incurred, which-
21 ever is less; and

22 “(B) provide for the cancellation of the
23 flood insurance coverage for such structure
24 after the payment for any damages pursuant to
25 subparagraph (A).

1 “(i) MITIGATION INSURANCE PREMIUMS AND SUR-
2 CHARGES.—

3 “(1) IN GENERAL.—The Director shall on occa-
4 sion, after consultation with the advisory committee
5 under section 1318, appropriate representatives of
6 the pool formed or otherwise created under section
7 1331, and appropriate representatives of the insur-
8 ance authorities of the respective States, prescribe
9 by regulation under subsection (1)—

10 “(A) chargeable premium rates for any
11 types and classes of properties for which miti-
12 gation insurance coverage shall be available
13 under this section; and

14 “(B) the terms and conditions under
15 which, and the areas (including subdivisions
16 thereof) within which such rates shall apply.

17 “(2) SURCHARGES.—The Director shall provide
18 for surcharges under contracts for flood insurance
19 under this title for structures described in subsection
20 (d)(3) and establish rates for such surcharges, in-
21 cluding rates for surcharges for each of the areas
22 within the 10-year, 30-year, and 60-year erosion set-
23 backs established under section 1360(g).

24 “(3) GENERAL RATE CALCULATION.—Mitiga-
25 tion insurance rates and surcharge rates under this

1 subsection for each structure shall, insofar as prac-
2 ticable—

3 “(A) be based on a consideration of the
4 number and amount of claims previously paid
5 under a contract for flood insurance under this
6 title for the structure;

7 “(B) be determined for each of the areas
8 within the 10-year, 30-year, and 60-year ero-
9 sion setbacks under section 1360(g); and

10 “(C) provide for discounted rates and sur-
11 charges for structures—

12 “(i) for which the date of the con-
13 struction precedes the date of the estab-
14 lishment of the relevant erosion hazard
15 zones under section 1360(g)(1) in which
16 the structure is located; and

17 “(ii) for which mitigation activities
18 under subsection (g)(2)(B)(ii) have been
19 completed, at a rate that reflects the level
20 of protection against flood damage af-
21 forded the structure by such activities.

22 “(4) ADMINISTRATIVE COSTS.—The rates and
23 surcharges established by the Director under this
24 subsection may include any amount for administra-
25 tive expenses of carrying out the mitigation insur-

1 ance program under this section as the Director de-
2 termines necessary, pursuant to consultation as pro-
3 vided under paragraph (1).

4 “(j) APPEALS.—The Director shall provide for ap-
5 peals by owners of structures covered by a contract for
6 mitigation insurance under this section that are eligible
7 for a mitigation claim payment, for the purposes of chal-
8 lenging—

9 “(1) the eligibility status of the structure under
10 subsections (e) and (f); and

11 “(2) the mitigation action selected by the Direc-
12 tor under subsection (g)(1) or (h)(1).

13 “(k) REGULATIONS.—The Director shall promulgate
14 regulations and guidelines to implement the provisions of
15 this section.”.

16 (b) DEFINITIONS.—Section 1370(a) of the National
17 Flood Insurance Act of 1968 (42 U.S.C. 4121), as amend-
18 ed by section 102(a) of this Act, is further amended by
19 adding at the end the following new paragraph:

20 “(13) the term ‘mitigation insurance’ means
21 coverage under the national flood insurance program
22 under this title for flood and erosion damage and
23 mitigation activities, as provided in section 1306a.”.

1 **SEC. 404. LIMITATIONS ON FLOOD INSURANCE COVERAGE**
2 **IN AREAS OF EXTREME EROSION RISK.**

3 The National Flood Insurance Act of 1968 (42
4 U.S.C. 4001 et seq.) is amended by inserting after section
5 1313 the following new section:

6 “PROPERTIES LOCATED WITHIN 10-YEAR EROSION
7 SETBACK

8 “SEC. 1314. After the initial establishment of erosion
9 setbacks under section 1360(g), the Director may not
10 make flood insurance available with respect to any new
11 or substantially improved construction located within the
12 10-year erosion setback established by the Director under
13 such section.”.

14 **SEC. 405. MODIFICATION OF FLOODPLAIN MANAGEMENT**
15 **PROVISIONS.**

16 Section 1315 of the National Flood Insurance Act of
17 1968 (42 U.S.C. 4022), as amended by section 301 of this
18 Act, is further amended by adding at the end the following
19 new subsection:

20 “(c) MODIFICATION OF REQUIREMENT FOR PARTICI-
21 PATION FOR AREAS NOT ADOPTING EROSION MANAGE-
22 MENT MEASURES.—After the date of the adoption by a
23 community of the applicable flood insurance rate map for
24 the community under section 1360(a)(2), new flood insur-
25 ance coverage may not be provided under this title in any
26 area (or subdivision thereof) for which the appropriate

1 public body has not adopted erosion management meas-
2 ures in accordance with the requirements of section
3 1306a(c), unless the appropriate public body shall have
4 adopted adequate land use and control measures under
5 subsection (a) that also contain the following require-
6 ments:

7 “(1) BUILDING STANDARDS.—Any new or sub-
8 stantially improved construction located in an ero-
9 sion hazard zone under section 1360(g)(1) shall
10 comply with building standards applicable for coastal
11 high hazard areas.

12 “(2) BASE FLOOD ELEVATION STANDARDS.—
13 Any new or substantially improved construction lo-
14 cated in an erosion hazard zone established by the
15 Director under section 1360(g)(1) shall comply with
16 whichever of the following elevation standards af-
17 fords the greater protection from flood damage:

18 “(A) The elevation standard (existing at
19 the time of the construction) affording protec-
20 tion for the 100-year frequency flood that is ap-
21 plicable to the area within the 10-year erosion
22 setback established by the Director under such
23 subsection.

24 “(B) The actual elevation standard for the
25 construction site (existing at the time of con-

1 struction) affording protection for the 100-year
2 frequency flood.”.

3 **SEC. 406. RIVERINE EROSION STUDY.**

4 (a) **STUDY.**—The Director of the Federal Emergency
5 Management Agency shall conduct a study to determine
6 the feasibility of identifying and establishing erosion rates
7 for communities subject to riverine erosion hazards and
8 the best manner of identifying and establishing such rates.
9 Under the study the Director shall—

10 (1) investigate and assess existing and state-of-
11 the-art technical methodologies for assessing riverine
12 erosion;

13 (2) examine natural riverine processes, environ-
14 mental conditions, and human-induced changes to
15 the banks of rivers and streams, examples of erosion
16 and likely causes, and examples of erosion control
17 and reasons for their performance; and

18 (3) analyze riverine erosion management strate-
19 gies, the technical standards, methods, and data nec-
20 essary to support such strategies, and methods of
21 administering such strategies through the national
22 flood insurance program.

23 (b) **REPORT.**—The Director shall submit a report to
24 the Congress regarding the findings and conclusions of the
25 study under this section not later than the expiration of

1 the 2-year period beginning on the date of the enactment
2 of this Act. The report shall include any recommendations
3 of the Director regarding appropriate methods and ap-
4 proaches for identifying and determining riverine erosion
5 rates and management strategies relating to riverine ero-
6 sion.

7 **TITLE V—FLOOD INSURANCE**
8 **TASK FORCE**

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

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

14 (b) MEMBERSHIP.—

15 (1) IN GENERAL.—The Task Force shall be
16 composed of 7 members, who shall be the designees
17 of—

18 (A) the Federal Insurance Administrator;

19 (B) the Federal Housing Commissioner;

20 (C) the Secretary of Veterans Affairs;

21 (D) the Administrator of the Farmers
22 Home Administration;

23 (E) the Administrator of the Small Busi-
24 ness Administration;

1 (F) a designee of the Financial Institutions
2 Examination Council;

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

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

9 (I) the Under Secretary of Commerce for
10 Oceans and Atmosphere;

11 (J) the Director of the United States Fish
12 and Wildlife Service; and

13 (K) the Administrator of the Environ-
14 mental Protection Agency.

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 corporation referred to under
24 subsection (b)(1) regarding establishment or adop-
25 tion of standardized enforcement procedures among

1 such agencies and corporations responsible for en-
2 forcing compliance with the requirements under the
3 national flood insurance program to ensure fullest
4 possible 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 publishing 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 subsections (b)(1) (I), (J),
2 and (K) shall constitute a select subcommittee which, in
3 addition to their duties under subsection (c), shall make
4 recommendations regarding the implementation of the
5 provisions of the National Flood Insurance Compliance,
6 Mitigation, and Erosion Management Act of 1993 that
7 deal with protection of the natural and beneficial functions
8 of the floodplain.

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

13 **TITLE VI—MISCELLANEOUS** 14 **PROVISIONS**

15 **SEC. 601. MAXIMUM FLOOD INSURANCE COVERAGE** 16 **AMOUNTS.**

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

20 (1) in paragraph (1)(A)—

21 (A) by inserting “and” after the comma at
22 the end of clause (i);

23 (B) by striking “, and” at the end of
24 clause (ii) and inserting “; and”; and

25 (C) by striking clause (iii);

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

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

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

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

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

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

17 (5) in paragraph (3), by striking “so as to en-
18 able” and all that follows through the end of the
19 paragraph and inserting “up to an amount of
20 \$90,000 for any single-family dwelling and \$240,000
21 for any residential structure containing more than
22 one dwelling unit;”; and

23 (6) by striking paragraph (4) and inserting the
24 following new paragraph:

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

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

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

14 (2) by striking paragraph (6).

15 (c) 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. FLOOD INSURANCE PROGRAM ARRANGEMENTS**
22 **WITH PRIVATE INSURANCE ENTITIES.**

23 Section 1345(b) of the National Flood Insurance Act
24 of 1968 (42 U.S.C. 4081(b)) is amended by striking the
25 period at the end and inserting the following: “and without

1 regard to the provisions of the Federal Advisory Commit-
2 tee Act (5 U.S.C. App.).”.

3 **SEC. 603. UPDATING OF FLOOD MAPS AND ASSESSMENT**
4 **AND MAPPING OF EROSION HAZARD ZONES.**

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

8 “(e) Once during each 5-year period (the 1st such
9 period beginning on the date of the enactment of the Na-
10 tional Flood Insurance Compliance, Mitigation, and Ero-
11 sion Management Act of 1993) or more often as the Direc-
12 tor determines necessary because of storm-induced ero-
13 sion, increased watershed development, or other extraor-
14 dinary situations, the Director shall assess the need to re-
15 vise and update all floodplain areas and flood risk zones
16 identified, delineated, or established under this section.

17 “(f) The Director shall revise and update any flood-
18 plain areas and flood-risk zones—

19 “(1) upon the determination of the Director,
20 according to the assessment under subsection (e),
21 that revision and updating are necessary for the
22 areas and zones; or

23 “(2) upon the request from any State or local
24 government stating that specific floodplain areas or
25 flood-risk zones in the State or locality need revision

1 or updating, if sufficient technical data justifying
2 the request is submitted and the unit of government
3 making the request agrees to provide funds in an
4 amount equal to the amount of funds provided by
5 the Director (or the equivalent value of data, tech-
6 nical analysis, or other in-kind services) for the re-
7 quested revision or update.

8 “(g)(1) Not later than the expiration of the 6-year
9 period beginning on the date of the enactment of the Na-
10 tional Flood Insurance Compliance, Mitigation, and Ero-
11 sion Management Act of 1993, the Director shall assess,
12 identify, and map, before all areas along the shorelines
13 of the Great Lakes and the tidal waters of the United
14 States that have special erosion hazards (in this section
15 referred to as ‘erosion hazard zones’), as provided in this
16 subsection.

17 “(2) On each flood insurance rate map established
18 under this section, the Director shall identify and provide
19 legible demarcation for areas that are subject to special
20 erosion hazards within a 60-year period based on past an-
21 nual average rates of shoreline retreat in such areas (in
22 this section referred to as the ‘60-year erosion setback’).

23 “(3) On each flood insurance rate map established
24 under this section, the Director shall provide information
25 by area regarding the existing annual average rate of ero-

1 sion for each area, so that users of the maps can delineate
2 boundaries for areas subject to erosion within 10 years
3 (in this section referred to as the ‘10-year erosion set-
4 back’) and within 30 years (in this section referred to as
5 the ‘30-year erosion setback’).

6 “(4) The Director shall provide for revising and up-
7 dating erosion hazard zones as frequently as the Director
8 determines to be necessary for purposes of this title. In
9 revising the geographical boundaries of erosion hazard
10 zones, the Director shall place special emphasis on consid-
11 ering—

12 “(A) the 10-year erosion setback, based on the
13 past annual average rates of shoreline and coastline
14 retreat in such areas;

15 “(B) areas (or subdivisions thereof) that are ex-
16 perencing or have recently experienced erosion rates
17 in excess of the annual average erosion rate, due to
18 storms, high lake levels, or other factors; and

19 “(C) areas where erosion control measures have
20 been implemented or erosion rates have been other-
21 wise significantly altered by manmade or induced ac-
22 tivity.”.

1 **SEC. 604. FUNDING FOR INCREASED ADMINISTRATIVE AND**
2 **OPERATIONAL RESPONSIBILITIES.**

3 (a) AVAILABILITY OF FUND.—Section 1310(a) of the
4 National Flood Insurance Act of 1968 (42 U.S.C.
5 4017(a)), as amended by section 302 of this Act, is
6 amended—

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

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

12 “(7) for administrative costs necessary to de-
13 velop and service the program for mitigation insur-
14 ance under section 1306a, including costs necessary
15 to provide technical assistance in determining and
16 monitoring the appropriate mitigation action for
17 structures under such section;

18 “(8) for assessment and mapping of erosion
19 hazard zones under section 1360(g), except that the
20 fund shall be available for the purpose under this
21 paragraph in an amount not to exceed an aggregate
22 of \$25,000,000 over the 6-year period beginning on
23 the date of the enactment of the National Flood In-
24 surance Compliance, Mitigation, and Erosion Man-
25 agement Act of 1993; and

1 “(9) for the revision and updating of erosion
2 hazard zones under section 1360(g)(4), except that
3 the fund shall be available for the purpose under
4 this paragraph in an amount not to exceed
5 \$2,000,000 in each fiscal year beginning after the
6 expiration of the 6-year period beginning on the date
7 of the enactment of the National Flood Insurance
8 Compliance, Mitigation, and Erosion Management
9 Act of 1993.”.

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

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

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

17 (3) by inserting after paragraph (5) the follow-
18 ing new paragraph:

19 “(6) any penalties collected under section
20 102(e) of the Flood Disaster Protection Act of
21 1973.”.

22 **SEC. 605. REGULATIONS.**

23 The Director of the Federal Emergency Management
24 Agency, the Secretary of Housing and Urban Develop-
25 ment, and any appropriate head of any Federal agency

1 may each issue any regulations necessary to carry out the
2 applicable provisions of this Act and the applicable amend-
3 ments made by this Act.

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