

114TH CONGRESS  
1ST SESSION

# H. R. 2901

To amend the Flood Disaster Protection Act of 1973 to require that certain buildings and personal property be covered by flood insurance, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2015

Mr. ROSS (for himself and Mr. MURPHY of Florida) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To amend the Flood Disaster Protection Act of 1973 to require that certain buildings and personal property be covered by 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Flood Insurance Mar-  
5 ket Parity and Modernization Act”.

6 **SEC. 2. PRIVATE FLOOD INSURANCE.**

7 (a) MANDATORY PURCHASE REQUIREMENT.—

8 (1) IN GENERAL.—Section 102 of the Flood  
9 Disaster Protection Act of 1973 (42 U.S.C. 4012a)

1 is amended by striking “Sec. 102. (a)” and all that  
2 follows through subsection (b) and inserting the fol-  
3 lowing:

4 “SEC. 102. (a) After the expiration of sixty days fol-  
5 lowing the date of enactment of this Act, no Federal offi-  
6 cer or agency shall approve any financial assistance for  
7 acquisition or construction purposes for use in any area  
8 that has been identified by the Administrator as an area  
9 having special flood hazards and in which the sale of flood  
10 insurance has been made available under the National  
11 Flood Insurance Act of 1968, unless the building or mo-  
12 bile home and any personal property to which such finan-  
13 cial assistance relates is covered by flood insurance: *Pro-*  
14 *vided*, That the amount of flood insurance (1) in the case  
15 of Federal flood insurance, is at least equal to the develop-  
16 ment or project cost of the building, mobile home, or per-  
17 sonal property (less estimated land cost), the outstanding  
18 principal balance of the loan, or the maximum limit of  
19 Federal flood insurance coverage made available with re-  
20 spect to the particular type of property, whichever is less;  
21 or (2) in the case of private flood insurance, is at least  
22 equal to the development or project cost of the building,  
23 mobile home, or personal property (less estimated land  
24 cost), the outstanding principal balance of the loan, or the  
25 maximum limit of Federal flood insurance coverage made

1 available with respect to the particular property, whichever  
2 is less: *Provided further*, That if the financial assistance  
3 provided is in the form of a loan or an insurance or guar-  
4 anty of a loan, the amount of flood insurance required  
5 need not exceed the outstanding principal balance of the  
6 loan and need not be required beyond the term of the loan.  
7 The requirement of maintaining flood insurance shall  
8 apply during the life of the property, regardless of transfer  
9 of ownership of such property.

10 “(b) REQUIREMENT FOR MORTGAGE LOANS.—

11 “(1) REGULATED LENDING INSTITUTIONS.—

12 Each Federal entity for lending regulation (after  
13 consultation and coordination with the Financial In-  
14 stitutions Examination Council established under the  
15 Federal Financial Institutions Examination Council  
16 Act of 1974) shall by regulation direct regulated  
17 lending institutions not to make, increase, extend, or  
18 renew any loan secured by improved real estate or  
19 a mobile home located or to be located in an area  
20 that has been identified by the Administrator as an  
21 area having special flood hazards and in which flood  
22 insurance has been made available under the Na-  
23 tional Flood Insurance Act of 1968, unless the  
24 building or mobile home and any personal property  
25 securing such loan is covered for the term of the

1 loan by flood insurance: *Provided*, That the amount  
2 of flood insurance (A) in the case of Federal flood  
3 insurance, is at least equal to the outstanding prin-  
4 cipal balance of the loan or the maximum limit of  
5 Federal flood insurance coverage made available  
6 with respect to the particular type of property,  
7 whichever is less; or (B) in the case of private flood  
8 insurance, is at least equal to the outstanding prin-  
9 cipal balance of the loan or the maximum limit of  
10 Federal flood insurance coverage made available  
11 with respect to the particular type of property,  
12 whichever is less.

13 “(2) FEDERAL AGENCY LENDERS.—

14 “(A) IN GENERAL.—A Federal agency  
15 lender may not make, increase, extend, or  
16 renew any loan secured by improved real estate  
17 or a mobile home located or to be located in an  
18 area that has been identified by the Adminis-  
19 trator as an area having special flood hazards  
20 and in which flood insurance has been made  
21 available under the National Flood Insurance  
22 Act of 1968, unless the building or mobile home  
23 and any personal property securing such loan is  
24 covered for the term of the loan by flood insur-  
25 ance in accordance with paragraph (1). Each

1 Federal agency lender may issue any regula-  
2 tions necessary to carry out this paragraph.  
3 Such regulations shall be consistent with and  
4 substantially identical to the regulations issued  
5 under paragraph (1).

6 “(B) REQUIREMENT TO ACCEPT FLOOD IN-  
7 SURANCE.—Each Federal agency lender shall  
8 accept flood insurance as satisfaction of the  
9 flood insurance coverage requirement under  
10 subparagraph (A) if the flood insurance cov-  
11 erage meets the requirements for coverage  
12 under that subparagraph.

13 “(3) GOVERNMENT-SPONSORED ENTERPRISES  
14 FOR HOUSING.—The Federal National Mortgage As-  
15 sociation and the Federal Home Loan Mortgage  
16 Corporation shall implement procedures reasonably  
17 designed to ensure that, for any loan that is—

18 “(A) secured by improved real estate or a  
19 mobile home located in an area that has been  
20 identified, at the time of the origination of the  
21 loan or at any time during the term of the loan,  
22 by the Administrator as an area having special  
23 flood hazards and in which flood insurance is  
24 available under the National Flood Insurance  
25 Act of 1968, and

1                   “(B) purchased by such entity,  
2           the building or mobile home and any personal prop-  
3           erty securing the loan is covered for the term of the  
4           loan by flood insurance in the amount provided in  
5           paragraph (1). The Federal National Mortgage As-  
6           sociation and the Federal Home Loan Mortgage  
7           Corporation shall accept flood insurance as satisfac-  
8           tion of the flood insurance coverage requirement  
9           under paragraph (1) if the flood insurance coverage  
10          provided meets the requirements for coverage under  
11          that paragraph.

12                   “(4) APPLICABILITY.—

13                   “(A) EXISTING COVERAGE.—Except as  
14           provided in subparagraph (B), paragraph (1)  
15           shall apply on the date of enactment of the Rie-  
16           gle Community Development and Regulatory  
17           Improvement Act of 1994.

18                   “(B) NEW COVERAGE.—Paragraphs (2)  
19           and (3) shall apply only with respect to any  
20           loan made, increased, extended, or renewed  
21           after the expiration of the 1-year period begin-  
22           ning on the date of enactment of the Riegle  
23           Community Development and Regulatory Im-  
24           provement Act of 1994. Paragraph (1) shall  
25           apply with respect to any loan made, increased,

extended, or renewed by any lender supervised by the Farm Credit Administration only after the expiration of the period under this subparagraph.

“(C) CONTINUED EFFECT OF REGULATIONS.—Notwithstanding any other provision of this subsection, the regulations to carry out paragraph (1), as in effect immediately before the date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994, shall continue to apply until the regulations issued to carry out paragraph (1) as amended by section 522(a) of such Act take effect.

“(5) RULE OF CONSTRUCTION.—Except as otherwise specified, any reference to flood insurance in this section shall be considered to include Federal flood insurance and private flood insurance.

“(6) DEFINITIONS.—

“(A) FLOOD INSURANCE.—In this section, the term ‘flood insurance’ means—

“(i) Federal flood insurance; and

“(ii) private flood insurance.

“(B) OTHER DEFINITIONS.—In this section—

1 “(i) the term ‘Federal flood insurance’  
2 means an insurance policy made available  
3 under the National Flood Insurance Act of  
4 1968 (42 U.S.C. 4001 et seq.);

5 “(ii) the term ‘private flood insurance’  
6 means an insurance policy that—

7 “(I) is issued by an insurance  
8 company that is—

9 “(aa) licensed, admitted, or  
10 otherwise approved to engage in  
11 the business of insurance in the  
12 State in which the insured build-  
13 ing is located, by the insurance  
14 regulator of that State; or

15 “(bb) eligible as a non-  
16 admitted insurer to provide in-  
17 surance in the home State of the  
18 insured, in accordance with sec-  
19 tions 521 through 527 of the  
20 Dodd-Frank Wall Street Reform  
21 and Consumer Protection Act  
22 (15 U.S.C. 8201 through 8206);

23 “(II) is issued by an insurance  
24 company that is not otherwise dis-  
25 approved as a surplus lines insurer by



1 the insurance regulator of the State in  
 2 which the property to be insured is lo-  
 3 cated; and

4 “(III) provides flood insurance  
 5 coverage that complies with the laws  
 6 and regulations of that State; and

7 “(iii) the term ‘State’ means any  
 8 State of the United States, the District of  
 9 Columbia, the Commonwealth of Puerto  
 10 Rico, Guam, the Northern Mariana Is-  
 11 lands, the Virgin Islands, and American  
 12 Samoa.”.

13 (2) TECHNICAL AND CONFORMING AMEND-  
 14 MENT.—Section 1364(a)(3)(C) of the National  
 15 Flood Insurance Act of 1968 (42 U.S.C.  
 16 4104a(a)(3)(C)) is amended by striking “, as re-  
 17 quired under section 102(b)(6) of the Flood Disaster  
 18 Protection Act of 1973 (42 U.S.C. 4012a(b)(6))”.

19 (b) EFFECT OF PRIVATE FLOOD INSURANCE COV-  
 20 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—  
 21 Section 1308 of the National Flood Insurance Act of 1968  
 22 (42 U.S.C. 4015) is amended by adding at the end the  
 23 following:

24 “(n) EFFECT OF PRIVATE FLOOD INSURANCE COV-  
 25 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—

1 For purposes of applying any statutory, regulatory, or ad-  
2 ministrative continuous coverage requirement, including  
3 under section 1307(g)(1), the Administrator shall consider  
4 any period during which a property was continuously cov-  
5 ered by private flood insurance (as defined in section  
6 102(b)(6) of the Flood Disaster Protection Act of 1973  
7 (42 U.S.C. 4012a(b)(6))) to be a period of continuous cov-  
8 erage.”.

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