

114TH CONGRESS  
2D SESSION

# H. R. 2901

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IN THE SENATE OF THE UNITED STATES

MAY 9, 2016

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

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## AN ACT

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,*

1 **SECTION 1. SHORT TITLE.**

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

4 **SEC. 2. PRIVATE FLOOD INSURANCE.**

5       (a) MANDATORY PURCHASE REQUIREMENT.—

6           (1) AMOUNT AND TERM OF COVERAGE.—Sec-  
7 tion 102 of the Flood Disaster Protection Act of  
8 1973 (42 U.S.C. 4012a) is amended by striking  
9 “Sec. 102. (a)” and all that follows through the end  
10 of subsection (a) and inserting the following:

11       “SEC. 102. (a) AMOUNT AND TERM OF COVERAGE.—  
12 After the expiration of sixty days following the date of en-  
13 actment of this Act, no Federal officer or agency shall ap-  
14 prove any financial assistance for acquisition or construc-  
15 tion purposes for use in any area that has been identified  
16 by the Administrator as an area having special flood haz-  
17 ards and in which the sale of flood insurance has been  
18 made available under the National Flood Insurance Act  
19 of 1968, unless the building or mobile home and any per-  
20 sonal property to which such financial assistance relates  
21 is covered by flood insurance: *Provided*, That the amount  
22 of flood insurance (1) in the case of Federal flood insur-  
23 ance, is at least equal to the development or project cost  
24 of the building, mobile home, or personal property (less  
25 estimated land cost), the outstanding principal balance of  
26 the loan, or the maximum limit of Federal flood insurance

1 coverage made available with respect to the particular type  
 2 of property, whichever is less; or (2) in the case of private  
 3 flood insurance, is at least equal to the development or  
 4 project cost of the building, mobile home, or personal  
 5 property (less estimated land cost), the outstanding prin-  
 6 cipal balance of the loan, or the maximum limit of Federal  
 7 flood insurance coverage made available with respect to  
 8 the particular type of property, whichever is less: *Provided*  
 9 *further*, That if the financial assistance provided is in the  
 10 form of a loan or an insurance or guaranty of a loan, the  
 11 amount of flood insurance required need not exceed the  
 12 outstanding principal balance of the loan and need not be  
 13 required beyond the term of the loan. The requirement  
 14 of maintaining flood insurance shall apply during the life  
 15 of the property, regardless of transfer of ownership of such  
 16 property.”.

17 (2) REQUIREMENT FOR MORTGAGE LOANS.—

18 Subsection (b) of section 102 of the Flood Disaster  
 19 Protection Act of 1973 (42 U.S.C. 4012a(b)) is  
 20 amended—

21 (A) by striking the subsection designation  
 22 and all that follows through the end of para-  
 23 graph (5) and inserting the following:

24 “(b) REQUIREMENT FOR MORTGAGE LOANS.—

1           “(1) REGULATED LENDING INSTITUTIONS.—  
2       Each Federal entity for lending regulation (after  
3       consultation and coordination with the Financial In-  
4       stitutions Examination Council established under the  
5       Federal Financial Institutions Examination Council  
6       Act of 1974) shall by regulation direct regulated  
7       lending institutions not to make, increase, extend, or  
8       renew any loan secured by improved real estate or  
9       a mobile home located or to be located in an area  
10      that has been identified by the Administrator as an  
11      area having special flood hazards and in which flood  
12      insurance has been made available under the Na-  
13      tional Flood Insurance Act of 1968, unless the  
14      building or mobile home and any personal property  
15      securing such loan is covered for the term of the  
16      loan by flood insurance: *Provided*, That the amount  
17      of flood insurance (A) in the case of Federal flood  
18      insurance, is at least equal to the outstanding prin-  
19      cipal balance of the loan or the maximum limit of  
20      Federal flood insurance coverage made available  
21      with respect to the particular type of property,  
22      whichever is less; or (B) in the case of private flood  
23      insurance, is at least equal to the outstanding prin-  
24      cipal balance of the loan or the maximum limit of  
25      Federal flood insurance coverage made available

1 with respect to the particular type of property,  
2 whichever is less.

3 “(2) FEDERAL AGENCY LENDERS.—

4 “(A) IN GENERAL.—A Federal agency  
5 lender may not make, increase, extend, or  
6 renew any loan secured by improved real estate  
7 or a mobile home located or to be located in an  
8 area that has been identified by the Adminis-  
9 trator as an area having special flood hazards  
10 and in which flood insurance has been made  
11 available under the National Flood Insurance  
12 Act of 1968, unless the building or mobile home  
13 and any personal property securing such loan is  
14 covered for the term of the loan by flood insur-  
15 ance in accordance with paragraph (1). Each  
16 Federal agency lender may issue any regula-  
17 tions necessary to carry out this paragraph.  
18 Such regulations shall be consistent with and  
19 substantially identical to the regulations issued  
20 under paragraph (1).

21 “(B) REQUIREMENT TO ACCEPT FLOOD IN-  
22 SURANCE.—Each Federal agency lender shall  
23 accept flood insurance as satisfaction of the  
24 flood insurance coverage requirement under  
25 subparagraph (A) if the flood insurance cov-

1           erage meets the requirements for coverage  
2           under that subparagraph.

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

8                   “(A) secured by improved real estate or a  
9                   mobile home located in an area that has been  
10                  identified, at the time of the origination of the  
11                  loan or at any time during the term of the loan,  
12                  by the Administrator as an area having special  
13                  flood hazards and in which flood insurance is  
14                  available under the National Flood Insurance  
15                  Act of 1968, and

16                   “(B) purchased or guaranteed by such en-  
17                  tity,

18           the building or mobile home and any personal prop-  
19           erty securing the loan is covered for the term of the  
20           loan by flood insurance in the amount provided in  
21           paragraph (1). The Federal National Mortgage As-  
22           sociation and the Federal Home Loan Mortgage  
23           Corporation shall accept flood insurance as satisfac-  
24           tion of the flood insurance coverage requirement  
25           under paragraph (1) if the flood insurance coverage

1 provided meets the requirements for coverage under  
2 that paragraph and any requirements established by  
3 the Federal National Mortgage Association or the  
4 Federal Home Loan Corporation, respectively, relat-  
5 ing to the financial strength of private insurance  
6 companies from which the Federal National Mort-  
7 gage Association or the Federal Home Loan Mort-  
8 gage Corporation will accept private flood insurance,  
9 provided that such requirements shall not affect or  
10 conflict with any State law, regulation, or procedure  
11 concerning the regulation of the business of insur-  
12 ance.

13 “(4) APPLICABILITY.—

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

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

1           apply with respect to any loan made, increased,  
2           extended, or renewed by any lender supervised  
3           by the Farm Credit Administration only after  
4           the expiration of the period under this subpara-  
5           graph.

6           “(C) CONTINUED EFFECT OF REGULA-  
7           TIONS.—Notwithstanding any other provision of  
8           this subsection, the regulations to carry out  
9           paragraph (1), as in effect immediately before  
10          the date of enactment of the Riegle Community  
11          Development and Regulatory Improvement Act  
12          of 1994, shall continue to apply until the regu-  
13          lations issued to carry out paragraph (1) as  
14          amended by section 522(a) of such Act take ef-  
15          fect.

16          “(5) RULE OF CONSTRUCTION.—Except as oth-  
17          erwise specified, any reference to flood insurance in  
18          this section shall be considered to include Federal  
19          flood insurance and private flood insurance. Nothing  
20          in this subsection shall be construed to supersede or  
21          limit the authority of a Federal entity for lending  
22          regulation, the Federal Housing Finance Agency, a  
23          Federal agency lender, the Federal National Mort-  
24          gage Association, or the Federal Home Loan Mort-  
25          gage Corporation to establish requirements relating



1 to the financial strength of private insurance compa-  
2 nies from which the entity or agency will accept pri-  
3 vate flood insurance, provided that such require-  
4 ments shall not affect or conflict with any State law,  
5 regulation, or procedure concerning the regulation of  
6 the business of insurance.”; and

7 (B) by striking paragraph (7) and insert-  
8 ing the following new paragraph:

9 “(7) DEFINITIONS.—In this section:

10 “(A) FLOOD INSURANCE.—The term ‘flood  
11 insurance’ means—

12 “(i) Federal flood insurance; and

13 “(ii) private flood insurance.

14 “(B) FEDERAL FLOOD INSURANCE.—the  
15 term ‘Federal flood insurance’ means an insur-  
16 ance policy made available under the National  
17 Flood Insurance Act of 1968 (42 U.S.C. 4001  
18 et seq.).

19 “(C) PRIVATE FLOOD INSURANCE.—The  
20 term ‘private flood insurance’ means an insur-  
21 ance policy that—

22 “(i) is issued by an insurance com-  
23 pany that is—

24 “(I) licensed, admitted, or other-  
25 wise approved to engage in the busi-

1           ness of insurance in the State in  
2           which the insured building is located,  
3           by the insurance regulator of that  
4           State; or

5           “(II) eligible as a nonadmitted  
6           insurer to provide insurance in the  
7           home State of the insured, in accord-  
8           ance with sections 521 through 527 of  
9           the Dodd-Frank Wall Street Reform  
10          and Consumer Protection Act (15  
11          U.S.C. 8201 through 8206);

12          “(ii) is issued by an insurance com-  
13          pany that is not otherwise disapproved as  
14          a surplus lines insurer by the insurance  
15          regulator of the State in which the prop-  
16          erty to be insured is located; and

17          “(iii) provides flood insurance cov-  
18          erage that complies with the laws and reg-  
19          ulations of that State.

20          “(D) STATE.—The term ‘State’ means any  
21          State of the United States, the District of Co-  
22          lumbia, the Commonwealth of Puerto Rico,  
23          Guam, the Northern Mariana Islands, the Vir-  
24          gin Islands, and American Samoa.”.

1 (b) EFFECT OF PRIVATE FLOOD INSURANCE COV-  
2 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—  
3 Section 1308 of the National Flood Insurance Act of 1968  
4 (42 U.S.C. 4015) is amended by adding at the end the  
5 following:

6 “(n) EFFECT OF PRIVATE FLOOD INSURANCE COV-  
7 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—  
8 For purposes of applying any statutory, regulatory, or ad-  
9 ministrative continuous coverage requirement, including  
10 under section 1307(g)(1), the Administrator shall consider  
11 any period during which a property was continuously cov-  
12 ered by private flood insurance (as defined in section  
13 102(b)(7) of the Flood Disaster Protection Act of 1973  
14 (42 U.S.C. 4012a(b)(7))) to be a period of continuous cov-  
15 erage.”.

Passed the House of Representatives April 28, 2016.

Attest:

KAREN L. HAAS,

*Clerk.*