

also encourages volunteerism and makes that volunteerism more workable to be able to fit into that homeowner's work schedule. Many of the homeowners are single parents, obviously with the parental obligations that come with that role as well.

So, Mr. Speaker, I am here to congratulate and endorse this legislation and urge its passage.

Mr. OSBORNE. Mr. Speaker, I rise in support of H.R. 4363, the Helping Hands for Homeownership Act.

I am pleased to be a cosponsor of this very important legislation.

The legislation corrects an interpretation by the Department of Housing and Urban Development (HUD) in Fiscal Year 2004 which prevents families who received Self-Help Homeownership Opportunity Program funds from fulfilling their "sweat equity" requirement by working on other program homes.

The legislation corrects this interpretation by HUD and clarifies Congress' intent to permit organizations like Habitat for Humanity to allow their homeowners to work on other homes to fulfill their sweat equity requirements.

Each Habitat for Humanity Chapter has established its own requirement for sweat equity hours.

The Habitat for Humanity chapter in Grand Island, Nebraska, requires their homeowners to put in 500 hours of sweat equity.

Mr. Speaker, there have been several instances where the homeowners have put most of their sweat equity into other Habitat for Humanity Homes to fulfill the 500 hour requirement.

I would like to give you two examples.

One Habitat family's home was primarily built by a local high school as learning project.

The family did put sweat equity hours into their home, but had to put the additional required hours into other Habitat homes to complete their sweat equity.

Under this interpretation by HUD, the family would not have been allowed to live in this home since they would not have been able to complete the 500 hours of sweat equity that was required.

Another example from the same chapter was of a family who had completed most of their sweat equity hours in other Habitat homes in the community before construction was to begin on their home.

Before construction was to begin on their home, another Habitat home that had been completed earlier became available when a Habitat family moved out of town, allowing this family an opportunity to purchase the home and move in.

Had this interpretation by HUD been in place, the family would not have been allowed to move into this home because they had not put 500 hours of sweat equity into this Habitat home.

Mr. Speaker, I would like to thank Mr. GREEN for introducing this important legislation.

I would also like to thank Chairman OXLEY and Ranking Member FRANK FOR including an amendment to this legislation that will change the name of the USDA Section 502 Single Family Housing Loan Guarantee Program to the DOUG BEREUTER Section 502 Single Family Housing Loan Guarantee Program.

My colleague, Mr. BEREUTER, was the legislative author of this very important program which was enacted on November 28, 1990.

Since 1990, the program has assisted low- to moderate-income borrowers in obtaining over 316,000 single-family home loans in rural and non-metropolitan communities.

Mr. BEREUTER will be retiring from the House at the end of August, 2004, and this is an appropriate way to thank Mr. BEREUTER for all of his hard work on this essential program that has helped thousands of families become homeowners in rural and non-metropolitan areas.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in support of H.R. 4363: Helping Hands for Homeownership Act of 2004, which amends the housing opportunity program extension act of 1996 to permit a homeowner under the sweat equity model program to perform required construction time on more than one dwelling.

The "Helping Hands for Homeownership Act of 2004" (H.R. 4363) will permit prospective homebuyers to qualify for "sweat equity" credit when they work on multiple houses rather than exclusively on their own home. This important change will enable Americans to gain valuable labor skills, foster stronger communities, and make more Americans homeowners by making home ownership more accessible.

Sweat equity programs allows families and individuals to purchase a home in return for their labor. These programs significantly reduce construction and rehabilitation costs, as well as financial contributions.

As the Housing Opportunity Program Extension Act currently stands, individuals participating in sweat equity programs are permitted to work on only one dwelling to perform required construction time. With this act, we will extend the opportunity for individuals to work on multiple dwellings, which will provide Americans with greater access to home ownership.

In a country where a home valued at more than \$170,000.00 is considered affordable, we must take measures to make home ownership more realistic for the average American. What better way to build community than to provide financial incentives to perform required construction time on more than one dwelling?

It is our responsibility to make sure that our children are not exposed to increased risk of diseases like asthma because of the lack of affordable, decent housing. We have the opportunity to extend the opportunity for success, community and home ownership by enabling those participating in sweat equity programs to work on more than one dwelling.

Mr. Speaker, I would like to urge my colleagues to support a H.R. 4363, a bill that actually empowers individuals to become home owners, builds communities, and provides citizens with valuable skill sets. Affordable and decent housing should be a right in this country, and providing citizens with more accessibility to home ownership is our duty.

Mr. CAPUANO. Mr. Speaker, I yield back the balance of my time.

Mr. GREEN of Wisconsin. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. TERRY). The question is on the motion offered by the gentleman from Wisconsin (Mr. GREEN) that the House suspend the rules and pass the bill, H.R. 4363, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. GREEN of Wisconsin. Mr. Speaker, on that I demand the yeas and nays. The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

#### BUNNING-BEREUTER-BLUMENAUER FLOOD INSURANCE REFORM ACT OF 2004

Mr. GREEN of Wisconsin. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 2238) to amend the National Flood Insurance Act of 1968 to reduce losses to properties for which repetitive flood insurance claim payments have been made.

The Clerk read as follows:

S. 2238

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Congressional findings.

#### TITLE I—AMENDMENTS TO FLOOD INSURANCE ACT OF 1968

Sec. 101. Extension of program and consolidation of authorizations.

Sec. 102. Establishment of pilot program for mitigation of severe repetitive loss properties.

Sec. 103. Amendments to existing flood mitigation assistance program.

Sec. 104. FEMA authority to fund mitigation activities for individual repetitive claims properties.

Sec. 105. Amendments to additional coverage for compliance with land use and control measures.

Sec. 106. Actuarial rate properties.

Sec. 107. Geospatial digital flood hazard data.

Sec. 108. Replacement of mobile homes on original sites.

Sec. 109. Reiteration of FEMA responsibility to map mudslides.

#### TITLE II—MISCELLANEOUS PROVISIONS

Sec. 201. Definitions.

Sec. 202. Supplemental forms.

Sec. 203. Acknowledgement form.

Sec. 204. Flood insurance claims handbook.

Sec. 205. Appeal of decisions relating to flood insurance coverage.

Sec. 206. Study and report on use of cost compliance coverage.

Sec. 207. Minimum training and education requirements.

Sec. 208. GAO study and report.

Sec. 209. Prospective payment of flood insurance premiums.

Sec. 210. Report on changes to fee schedule or fee payment arrangements.

#### SEC. 2. CONGRESSIONAL FINDINGS.

The Congress finds that—

(1) the national flood insurance program—

(A) identifies the flood risk;

(B) provides flood risk information to the public;

(C) encourages State and local governments to make appropriate land use adjustments to constrict the development of land

which is exposed to flood damage and minimum damage caused by flood losses; and

(D) makes flood insurance available on a nationwide basis that would otherwise not be available, to accelerate recovery from floods, mitigate future losses, save lives, and reduce the personal and national costs of flood disasters;

(2) the national flood insurance program insures approximately 4,400,000 policyholders;

(3) approximately 48,000 properties currently insured under the program have experienced, within a 10-year period, 2 or more flood losses where each such loss exceeds the amount \$1,000;

(4) approximately 10,000 of these repetitive-loss properties have experienced either 2 or 3 losses that cumulatively exceed building value or 4 or more losses, each exceeding \$1,000;

(5) repetitive-loss properties constitute a significant drain on the resources of the national flood insurance program, costing about \$200,000,000 annually;

(6) repetitive-loss properties comprise approximately 1 percent of currently insured properties but are expected to account for 25 to 30 percent of claims losses;

(7) the vast majority of repetitive-loss properties were built before local community implementation of floodplain management standards under the program and thus are eligible for subsidized flood insurance;

(8) while some property owners take advantage of the program allowing subsidized flood insurance without requiring mitigation action, others are trapped in a vicious cycle of suffering flooding, then repairing flood damage, then suffering flooding, without the means to mitigate losses or move out of harm's way;

(9) mitigation of repetitive-loss properties through buyouts, elevations, relocations, or flood-proofing will produce savings for policyholders under the program and for Federal taxpayers through reduced flood insurance losses and reduced Federal disaster assistance;

(10) a strategy of making mitigation offers aimed at high-priority repetitive-loss properties and shifting more of the burden of recovery costs to property owners who choose to remain vulnerable to repetitive flood damage can encourage property owners to take appropriate actions that reduce loss of life and property damage and benefit the financial soundness of the program;

(11) the method for addressing repetitive-loss properties should be flexible enough to take into consideration legitimate circumstances that may prevent an owner from taking a mitigation action; and

(12) focusing the mitigation and buy-out of repetitive loss properties upon communities and property owners that choose to voluntarily participate in a mitigation and buy-out program will maximize the benefits of such a program, while minimizing any adverse impact on communities and property owners.

#### TITLE I—AMENDMENTS TO FLOOD INSURANCE ACT OF 1968

##### SEC. 101. EXTENSION OF PROGRAM AND CONSOLIDATION OF AUTHORIZATIONS.

(a) **BORROWING AUTHORITY.**—The first sentence of section 1309(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4016(a)), is amended by striking “through December” and all that follows through “, and” and inserting “through the date specified in section 1319, and”.

(b) **AUTHORITY FOR CONTRACTS.**—Section 1319 of the National Flood Insurance Act of 1968 (42 U.S.C. 4026), is amended by striking “after” and all that follows and inserting “after September 30, 2008.”.

(c) **EMERGENCY IMPLEMENTATION.**—Section 1336(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4056(a)), is amended by striking “during the period” and all that follows through “in accordance” and inserting “during the period ending on the date specified in section 1319, in accordance”.

(d) **AUTHORIZATION OF APPROPRIATIONS FOR STUDIES.**—Section 1376(c) of the National Flood Insurance Act of 1968 (42 U.S.C. 4127(c)), is amended by striking “through” and all that follows and inserting “through the date specified in section 1319, for studies under this title.”.

##### SEC. 102. ESTABLISHMENT OF PILOT PROGRAM FOR MITIGATION OF SEVERE REPETITIVE LOSS PROPERTIES.

(a) **IN GENERAL.**—The National Flood Insurance Act of 1968 is amended by inserting after section 1361 (42 U.S.C. 4102) the following:

###### “SEC. 1361A. PILOT PROGRAM FOR MITIGATION OF SEVERE REPETITIVE LOSS PROPERTIES.

“(a) **AUTHORITY.**—To the extent amounts are made available for use under this section, the Director may, subject to the limitations of this section, provide financial assistance to States and communities that decide to participate in the pilot program established under this section for taking actions with respect to severe repetitive loss properties (as such term is defined in subsection (b)) to mitigate flood damage to such properties and losses to the National Flood Insurance Fund from such properties.

“(b) **SEVERE REPETITIVE LOSS PROPERTY.**—For purposes of this section, the term ‘severe repetitive loss property’ has the following meaning:

“(1) **SINGLE-FAMILY PROPERTIES.**—In the case of a property consisting of 1 to 4 residences, such term means a property that—

“(A) is covered under a contract for flood insurance made available under this title; and

“(B) has incurred flood-related damage—

“(i) for which 4 or more separate claims payments have been made under flood insurance coverage under this title, with the amount of each such claim exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000; or

“(ii) for which at least 2 separate claims payments have been made under such coverage, with the cumulative amount of such claims exceeding the value of the property.

“(2) **MULTIFAMILY PROPERTIES.**—In the case of a property consisting of 5 or more residences, such term shall have such meaning as the Director shall by regulation provide.

“(c) **ELIGIBLE ACTIVITIES.**—Amounts provided under this section to a State or community may be used only for the following activities:

“(1) **MITIGATION ACTIVITIES.**—To carry out mitigation activities that reduce flood damages to severe repetitive loss properties, including elevation, relocation, demolition, and floodproofing of structures, and minor physical localized flood control projects, and the demolition and rebuilding of properties to at least Base Flood Elevation or greater, if required by any local ordinance.

“(2) **PURCHASE.**—To purchase severe repetitive loss properties, subject to subsection (g).

“(d) **MATCHING REQUIREMENT.**—

“(1) **IN GENERAL.**—Except as provided in paragraph (2), in any fiscal year the Director may not provide assistance under this section to a State or community in an amount exceeding 3 times the amount that the State or community certifies, as the Director shall require, that the State or community will contribute from non-Federal funds for carrying out the eligible activities to be funded with such assistance amounts.

“(2) **REDUCED COMMUNITY MATCH.**—With respect to any 1-year period in which assistance is made available under this section, the Director may adjust the contribution required under paragraph (1) by any State, and for the communities located in that State, to not less than 10 percent of the cost of the activities for each severe repetitive loss property for which grant amounts are provided if, for such year—

“(A) the State has an approved State mitigation plan meeting the requirements for hazard mitigation planning under section 322 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5165) that specifies how the State intends to reduce the number of severe repetitive loss properties; and

“(B) the Director determines, after consultation with the State, that the State has taken actions to reduce the number of such properties.

“(3) **NON-FEDERAL FUNDS.**—For purposes of this subsection, the term ‘non-Federal funds’ includes State or local agency funds, in-kind contributions, any salary paid to staff to carry out the eligible activities of the recipient, the value of the time and services contributed by volunteers to carry out such activities (at a rate determined by the Director), and the value of any donated material or building and the value of any lease on a building.

“(e) **NOTICE OF MITIGATION PROGRAM.**—

“(1) **IN GENERAL.**—Upon selecting a State or community to receive assistance under subsection (a) to carry out eligible activities, the Director shall notify the owners of a severe repetitive loss property, in plain language, within that State or community—

“(A) that their property meets the definition of a severe repetitive loss property under this section;

“(B) that they may receive an offer of assistance under this section;

“(C) of the types of assistance potentially available under this section;

“(D) of the implications of declining such offer of assistance under this section; and

“(E) that there is a right to appeal under this section.

“(2) **IDENTIFICATION OF SEVERE REPETITIVE LOSS PROPERTIES.**—The Director shall take such steps as are necessary to identify severe repetitive loss properties, and submit that information to the relevant States and communities.

“(f) **STANDARDS FOR MITIGATION OFFERS.**—The program under this section for providing assistance for eligible activities for severe repetitive loss properties shall be subject to the following limitations:

“(1) **PRIORITY.**—In determining the properties for which to provide assistance for eligible activities under subsection (c), the Director shall provide assistance for properties in the order that will result in the greatest amount of savings to the National Flood Insurance Fund in the shortest period of time, in a manner consistent with the allocation formula under paragraph (5).

“(2) **OFFERS.**—The Director shall provide assistance in a manner that permits States and communities to make offers to owners of severe repetitive loss properties to take eligible activities under subsection (c) as soon as practicable.

“(3) **CONSULTATION.**—In determining for which eligible activities under subsection (c) to provide assistance with respect to a severe repetitive loss property, the relevant States and communities shall consult, to the extent practicable, with the owner of the property.

“(4) **DEFERENCE TO LOCAL MITIGATION DECISIONS.**—The Director shall not, by rule, regulation, or order, establish a priority for funding eligible activities under this section that gives preference to one type or category of

eligible activity over any other type or category of eligible activity.

“(5) ALLOCATION.—

“(A) IN GENERAL.—Subject to subparagraphs (B) and (C), of the total amount made available for assistance under this section in any fiscal year, the Director shall allocate assistance to a State, and the communities located within that State, based upon the percentage of the total number of severe repetitive loss properties located within that State.

“(B) REDISTRIBUTION.—Any funds allocated to a State, and the communities within the State, under subparagraph (A) that have not been obligated by the end of each fiscal year shall be redistributed by the Director to other States and communities to carry out eligible activities in accordance with this section.

“(C) EXCEPTION.—Of the total amount made available for assistance under this section in any fiscal year, 10 percent shall be made available to communities that—

“(i) contain one or more severe repetitive loss properties; and

“(ii) are located in States that receive little or no assistance, as determined by the Director, under the allocation formula under subparagraph (A).

“(6) NOTICE.—Upon making an offer to provide assistance with respect to a property for any eligible activity under subsection (c), the State or community shall notify each holder of a recorded interest on the property of such offer and activity.

“(g) PURCHASE OFFERS.—A State or community may take action under subsection (c)(2) to purchase a severe repetitive loss property only if the following requirements are met:

“(1) USE OF PROPERTY.—The State or community enters into an agreement with the Director that provides assurances that the property purchased will be used in a manner that is consistent with the requirements of section 404(b)(2)(B) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170c(b)(2)(B)) for properties acquired, accepted, or from which a structure will be removed pursuant to a project provided property acquisition and relocation assistance under such section 404(b).

“(2) OFFERS.—The Director shall provide assistance in a manner that permits States and communities to make offers to owners of severe repetitive loss properties and of associated land to engage in eligible activities as soon as possible.

“(3) PURCHASE PRICE.—The amount of purchase offer is not less than the greatest of—

“(A) the amount of the original purchase price of the property, when purchased by the holder of the current policy of flood insurance under this title;

“(B) the total amount owed, at the time the offer to purchase is made, under any loan secured by a recorded interest on the property; and

“(C) an amount equal to the fair market value of the property immediately before the most recent flood event affecting the property, or an amount equal to the current fair market value of the property.

“(4) COMPARABLE HOUSING PAYMENT.—If a purchase offer made under paragraph (2) is less than the cost of the homeowner-occupant to purchase a comparable replacement dwelling outside the flood hazard area in the same community, the Director shall make available an additional relocation payment to the homeowner-occupant to apply to the difference.

“(h) INCREASED PREMIUMS IN CASES OF REFUSAL TO MITIGATE.—

“(1) IN GENERAL.—In any case in which the owner of a severe repetitive loss property refuses an offer to take action under paragraph

(1) or (2) of subsection (c) with respect to such property, the Director shall—

“(A) notify each holder of a recorded interest on the property of such refusal; and

“(B) notwithstanding subsections (a) through (c) of section 1308, thereafter the chargeable premium rate with respect to the property shall be the amount equal to 150 percent of the chargeable rate for the property at the time that the offer was made, as adjusted by any other premium adjustments otherwise applicable to the property and any subsequent increases pursuant to paragraph (2) and subject to the limitation under paragraph (3).

“(2) INCREASED PREMIUMS UPON SUBSEQUENT FLOOD DAMAGE.—Notwithstanding subsections (a) through (c) of section 1308, if the owner of a severe repetitive loss property does not accept an offer to take action under paragraph (1) or (2) of subsection (c) with respect to such property and a claim payment exceeding \$1,500 is made under flood insurance coverage under this title for damage to the property caused by a flood event occurring after such offer is made, thereafter the chargeable premium rate with respect to the property shall be the amount equal to 150 percent of the chargeable rate for the property at the time of such flood event, as adjusted by any other premium adjustments otherwise applicable to the property and any subsequent increases pursuant to this paragraph and subject to the limitation under paragraph (3).

“(3) LIMITATION ON INCREASED PREMIUMS.—In no case may the chargeable premium rate for a severe repetitive loss property be increased pursuant to this subsection to an amount exceeding the applicable estimated risk premium rate for the area (or subdivision thereof) under section 1307(a)(1).

“(4) TREATMENT OF DEDUCTIBLES.—Any increase in chargeable premium rates required under this subsection for a severe repetitive loss property may be carried out, to the extent appropriate, as determined by the Director, by adjusting any deductible charged in connection with flood insurance coverage under this title for the property.

“(5) NOTICE OF CONTINUED OFFER.—Upon each renewal or modification of any flood insurance coverage under this title for a severe repetitive loss property, the Director shall notify the owner that the offer made pursuant to subsection (c) is still open.

“(6) APPEALS.—

“(A) IN GENERAL.—Any owner of a severe repetitive loss property may appeal a determination of the Director to take action under paragraph (1)(B) or (2) with respect to such property, based only upon the following grounds:

“(i) As a result of such action, the owner of the property will not be able to purchase a replacement primary residence of comparable value and that is functionally equivalent.

“(ii) Based on independent information, such as contractor estimates or appraisals, the property owner believes that the price offered for purchasing the property is not an accurate estimation of the value of the property, or the amount of Federal funds offered for mitigation activities, when combined with funds from non-Federal sources, will not cover the actual cost of mitigation.

“(iii) As a result of such action, the preservation or maintenance of any prehistoric or historic district, site, building, structure, or object included in, or eligible for inclusion in, the National Register of Historic Places will be interfered with, impaired, or disrupted.

“(iv) The flooding that resulted in the flood insurance claims described in subsection (b)(2) for the property resulted from significant actions by a third party in viola-

tion of Federal, State, or local law, ordinance, or regulation.

“(v) In purchasing the property, the owner relied upon flood insurance rate maps of the Federal Emergency Management Agency that were current at the time and did not indicate that the property was located in an area having special flood hazards.

“(vi) The owner of the property, based on independent information, such as contractor estimates or other appraisals, demonstrates that an alternative eligible activity under subsection (c) is at least as cost effective as the initial offer of assistance.

“(B) PROCEDURE.—An appeal under this paragraph of a determination of the Director shall be made by filing, with the Director, a request for an appeal within 90 days after receiving notice of such determination. Upon receiving the request, the Director shall select, from a list of independent third parties compiled by the Director for such purpose, a party to hear such appeal. Within 90 days after filing of the request for the appeal, such third party shall review the determination of the Director and shall set aside such determination if the third party determines that the grounds under subparagraph (A) exist. During the pendency of an appeal under this paragraph, the Director shall stay the applicability of the rates established pursuant to paragraph (1)(B) or (2), as applicable.

“(C) EFFECT OF FINAL DETERMINATION.—In an appeal under this paragraph—

“(i) if a final determination is made in favor of the property owner under subparagraph (A) exist, the third party hearing such appeal shall require the Director to reduce the chargeable risk premium rate for flood insurance coverage for the property involved in the appeal from the amount required under paragraph (1)(B) or (2) to the amount paid prior to the offer to take action under paragraph (1) or (2) of subsection (c); and

“(ii) if a final determination is made that the grounds under subparagraph (A) do not exist, the Director shall promptly increase the chargeable risk premium rate for such property to the amount established pursuant to paragraph (1)(B) or (2), as applicable, and shall collect from the property owner the amount necessary to cover the stay of the applicability of such increased rates during the pendency of the appeal.

“(D) COSTS.—If the third party hearing an appeal under this paragraph is compensated for such service, the costs of such compensation shall be borne—

“(i) by the owner of the property requesting the appeal, if the final determination in the appeal is that the grounds under subparagraph (A) do not exist; and

“(ii) by the National Flood Insurance Fund, if such final determination is that the grounds under subparagraph (A) do exist.

“(E) REPORT.—Not later than 6 months after the date of the enactment of the Bunning-Bereuter-Blumenaur Flood Insurance Reform Act of 2004, the Director shall submit a report describing the rules, procedures, and administration for appeals under this paragraph to—

“(i) the Committee on Banking, Housing, and Urban Affairs of the Senate; and

“(ii) the Committee on Financial Services of the House of Representatives.

“(i) DISCRETIONARY ACTIONS IN CASES OF FRAUDULENT CLAIMS.—If the Director determines that a fraudulent claim was made under flood insurance coverage under this title for a severe repetitive loss property, the Director may—

“(1) cancel the policy and deny the provision to such policyholder of any new flood insurance coverage under this title for the property; or

“(2) refuse to renew the policy with such policyholder upon expiration and deny the provision of any new flood insurance coverage under this title to such policyholder for the property.”

“(j) RULES.—

“(1) IN GENERAL.—The Director shall, by rule—

“(A) subject to subsection (f)(4), develop procedures for the distribution of funds to States and communities to carry out eligible activities under this section; and

“(B) ensure that the procedures developed under paragraph (1)—

“(i) require the Director to notify States and communities of the availability of funding under this section, and that participation in the pilot program under this section is optional;

“(ii) provide that the Director may assist States and communities in identifying severe repetitive loss properties within States or communities;

“(iii) allow each State and community to select properties to be the subject of eligible activities, and the appropriate eligible activity to be performed with respect to each severe repetitive loss property; and

“(iv) require each State or community to submit a list of severe repetitive loss properties to the Director that the State or community would like to be the subject of eligible activities under this section.

“(2) CONSULTATION.—Not later than 90 days after the date of enactment of this Act, the Director shall consult with State and local officials in carrying out paragraph (1)(A), and provide an opportunity for an oral presentation, on the record, of data and arguments from such officials.

“(k) FUNDING.—

“(1) IN GENERAL.—Pursuant to section 1310(a)(8), the Director may use amounts from the National Flood Insurance Fund to provide assistance under this section in each of fiscal years 2005, 2006, 2007, 2008, and 2009, except that the amount so used in each such fiscal year may not exceed \$40,000,000 and shall remain available until expended. Notwithstanding any other provision of this title, amounts made available pursuant to this subsection shall not be subject to offsetting collections through premium rates for flood insurance coverage under this title.

“(2) ADMINISTRATIVE EXPENSES.—Of the amounts made available under this subsection, the Director may use up to 5 percent for expenses associated with the administration of this section.

“(1) TERMINATION.—The Director may not provide assistance under this section to any State or community after September 30, 2009.”

(b) AVAILABILITY OF NATIONAL FLOOD INSURANCE FUND AMOUNTS.—Section 1310(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4017(a)) is amended—

(1) in paragraph (7), by striking “and” at the end; and

(2) by striking paragraph (8) and inserting the following:

“(8) for financial assistance under section 1361A to States and communities for taking actions under such section with respect to severe repetitive loss properties, but only to the extent provided in section 1361A(i); and”.

**SEC. 103. AMENDMENTS TO EXISTING FLOOD MITIGATION ASSISTANCE PROGRAM.**

(a) STANDARD FOR APPROVAL OF MITIGATION PLANS.—Section 1366(e)(3) of the National Flood Insurance Act of 1968 (42 U.S.C. 4104c) is amended by adding at the end the following new sentence: “The Director may approve only mitigation plans that give priority for funding to such properties, or to such subsets of properties, as are in the best interest of the National Flood Insurance Fund.”

(b) PRIORITY FOR MITIGATION ASSISTANCE.—Section 1366(e) of the National Flood Insurance Act of 1968 (42 U.S.C. 4104c) is amended by striking paragraph (4) and inserting the following:

“(4) PRIORITY FOR MITIGATION ASSISTANCE.—In providing grants under this subsection for mitigation activities, the Director shall give first priority for funding to such properties, or to such subsets of such properties as the Director may establish, that the Director determines are in the best interests of the National Flood Insurance Fund and for which matching amounts under subsection (f) are available.”

(c) COORDINATION WITH STATES AND COMMUNITIES.—Section 1366 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104c) is amended by adding at the end the following:

“(m) COORDINATION WITH STATES AND COMMUNITIES.—The Director shall, in consultation and coordination with States and communities take such actions as are appropriate to encourage and improve participation in the national flood insurance program of owners of properties, including owners of properties that are not located in areas having special flood hazards (the 100-year floodplain), but are located within flood prone areas.”

(d) FUNDING.—Section 1367 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104d) is amended—

(1) in subsection (b), by striking paragraph (1) and inserting the following:

“(1) in each fiscal year, amounts from the National Flood Insurance Fund not exceeding \$40,000,000, to remain available until expended;”;

(2) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(3) by inserting after subsection (b) the following:

“(c) ADMINISTRATIVE EXPENSES.—The Director may use not more than 5 percent of amounts made available under subsection (b) to cover salaries, expenses, and other administrative costs incurred by the Director to make grants and provide assistance under sections 1366 and 1323.”

(e) REDUCED COMMUNITY MATCH.—Section 1366(g) of the National Flood Insurance Act of 1968 (42 U.S.C. 4104c(g)), is amended—

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by inserting after paragraph (1) the following:

“(2) REDUCED COMMUNITY MATCH.—With respect to any 1-year period in which assistance is made available under this section, the Director may adjust the contribution required under paragraph (1) by any State, and for the communities located in that State, to not less than 10 percent of the cost of the activities for each severe repetitive loss property for which grant amounts are provided if, for such year—

“(A) the State has an approved State mitigation plan meeting the requirements for hazard mitigation planning under section 322 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5165) that specifies how the State intends to reduce the number of severe repetitive loss properties; and

“(B) the Director determines, after consultation with the State, that the State has taken actions to reduce the number of such properties.”

(f) NATIONAL FLOOD MITIGATION FUND.—Section 1366(b)(2) of the National Flood Insurance Act of 1968 (42 U.S.C. 4104c(b)(2)), is amended by striking “\$1,500,000” and inserting “7.5 percent of the available funds under this section”.

**SEC. 104. FEMA AUTHORITY TO FUND MITIGATION ACTIVITIES FOR INDIVIDUAL REPETITIVE CLAIMS PROPERTIES.**

(a) IN GENERAL.—Chapter I of the National Flood Insurance Act of 1968 (42 U.S.C. 4011 et seq.) is amended by adding at the end the following:

**“SEC. 1323. GRANTS FOR REPETITIVE INSURANCE CLAIMS PROPERTIES.**

“(a) IN GENERAL.—The Director may provide funding for mitigation actions that reduce flood damages to individual properties for which 1 or more claim payments for losses have been made under flood insurance coverage under this title, but only if the Director determines that—

“(1) such activities are in the best interest of the National Flood Insurance Fund; and

“(2) such activities cannot be funded under the program under section 1366 because—

“(A) the requirements of section 1366(g) are not being met by the State or community in which the property is located; or

“(B) the State or community does not have the capacity to manage such activities.

“(b) PRIORITY FOR WORST-CASE PROPERTIES.—In determining the properties for which funding is to be provided under this section, the Director shall consult with the States in which such properties are located and provide assistance for properties in the order that will result in the greatest amount of savings to the National Flood Insurance Fund in the shortest period of time.”

(b) AVAILABILITY OF NATIONAL FLOOD INSURANCE FUND AMOUNTS.—Section 1310(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4017(a)) is amended by adding at the end the following:

“(9) for funding, not to exceed \$10,000,000 in any fiscal year, for mitigation actions under section 1323, except that, notwithstanding any other provision of this title, amounts made available pursuant to this paragraph shall not be subject to offsetting collections through premium rates for flood insurance coverage under this title.”

**SEC. 105. AMENDMENTS TO ADDITIONAL COVERAGE FOR COMPLIANCE WITH LAND USE AND CONTROL MEASURES.**

(a) COMPLIANCE WITH LAND USE AND CONTROL MEASURES.—Section 1304(b) of the National Flood Insurance Act of 1968 (42 U.S.C. 4011(b)) is amended—

(1) in the matter preceding paragraph (1)—

(A) by striking “compliance” and inserting “implementing measures that are consistent”; and

(B) by inserting “by the community” after “established”;

(2) in paragraph (2), by striking “have flood damage in which the cost of repairs equals or exceeds 50 percent of the value of the structure at the time of the flood event; and” and inserting “are substantially damaged structures;”

(3) in paragraph (3), by striking “compliance with land use and control measures.” and inserting “the implementation of such measures; and”; and

(4) by inserting after paragraph (3) and before the last undesignated paragraph the following:

“(4) properties for which an offer of mitigation assistance is made under—

“(A) section 1366 (Flood Mitigation Assistance Program);

“(B) section 1368 (Repetitive Loss Priority Program and Individual Priority Property Program);

“(C) the Hazard Mitigation Grant Program authorized under section 404 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C. 5170c);

“(D) the Predisaster Hazard Mitigation Program under section 203 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C. 5133); and

“(E) any programs authorized or for which funds are appropriated to address any unmet needs or for which supplemental funds are made available.”.

(b) **DEFINITIONS.**—Section 1370(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4121(a)) is amended—

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

“(7) the term ‘repetitive loss structure’ means a structure covered by a contract for flood insurance that—

“(A) has incurred flood-related damage on 2 occasions, in which the cost of repair, on the average, equaled or exceeded 25 percent of the value of the structure at the time of each such flood event; and

“(B) at the time of the second incidence of flood-related damage, the contract for flood insurance contains increased cost of compliance coverage.”;

(2) in paragraph (13), by striking “and” at the end;

(3) in paragraph (14), by striking the period and inserting “; and”; and

(4) by adding at the end the following:

“(15) the term ‘substantially damaged structure’ means a structure covered by a contract for flood insurance that has incurred damage for which the cost of repair exceeds an amount specified in any regulation promulgated by the Director, or by a community ordinance, whichever is lower.”.

**SEC. 106. ACTUARIAL RATE PROPERTIES.**

(a) **IN GENERAL.**—Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015) is amended by striking subsection (c) and inserting the following:

“(c) **ACTUARIAL RATE PROPERTIES.**—Subject only to the limitations provided under paragraphs (1) and (2), the chargeable rate shall not be less than the applicable estimated risk premium rate for such area (or subdivision thereof) under section 1307(a)(1) with respect to the following properties:

“(1) **POST-FIRM PROPERTIES.**—Any property the construction or substantial improvement of which the Director determines has been started after December 31, 1974, or started after the effective date of the initial rate map published by the Director under paragraph (2) of section 1360 for the area in which such property is located, whichever is later, except that the chargeable rate for properties under this paragraph shall be subject to the limitation under subsection (e).

“(2) **CERTAIN LEASED COASTAL AND RIVER PROPERTIES.**—Any property leased from the Federal Government (including residential and nonresidential properties) that the Director determines is located on the river-facing side of any dike, levee, or other riverine flood control structure, or seaward of any seawall or other coastal flood control structure.”.

(b) **INAPPLICABILITY OF ANNUAL LIMITATIONS ON PREMIUM INCREASES.**—Section 1308(e) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(e)) is amended by striking “Notwithstanding” and inserting “Except with respect to properties described under paragraph (2) or (3) of subsection (c), and notwithstanding”.

**SEC. 107. GEOSPATIAL DIGITAL FLOOD HAZARD DATA.**

For the purposes of flood insurance and floodplain management activities conducted pursuant to the National Flood Insurance Program under the National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.), geospatial digital flood hazard data distributed by the Federal Emergency Management Agency, or its designee, or the printed products derived from that data, are interchangeable and legally equivalent for the determination of the location of 1 in 100 year and 1 in 500 year flood planes, provided that all other

geospatial data shown on the printed product meets or exceeds any accuracy standard promulgated by the Federal Emergency Management Agency.

**SEC. 108. REPLACEMENT OF MOBILE HOMES ON ORIGINAL SITES.**

Section 1315 of the National Flood Insurance Act of 1968 (42 U.S.C. 4022) is amended by adding at the end the following:

“(c) **REPLACEMENT OF MOBILE HOMES ON ORIGINAL SITES.**—

“(1) **COMMUNITY PARTICIPATION.**—The placement of any mobile home on any site shall not affect the eligibility of any community to participate in the flood insurance program under this title and the Flood Disaster Protection Act of 1973 (notwithstanding that such placement may fail to comply with any elevation or flood damage mitigation requirements), if—

“(A) such mobile home was previously located on such site;

“(B) such mobile home was relocated from such site because of flooding that threatened or affected such site; and

“(C) such replacement is conducted not later than the expiration of the 180-day period that begins upon the subsidence (in the area of such site) of the body of water that flooded to a level considered lower than flood levels.

“(2) **DEFINITION.**—For purposes of this subsection, the term ‘mobile home’ has the meaning given such term in the law of the State in which the mobile home is located.”.

**SEC. 109. REITERATION OF FEMA RESPONSIBILITY TO MAP MUDSLIDES.**

As directed in section 1360(b) of the National Flood Insurance Act of 1968 (42 U.S.C. 4101(b)), the Director of the Federal Emergency Management Agency is again directed to accelerate the identification of risk zones within flood-prone and mudslide-prone areas, as provided by subsection (a)(2) of such section 1360, in order to make known the degree of hazard within each such zone at the earliest possible date.

**TITLE II—MISCELLANEOUS PROVISIONS**

**SEC. 201. DEFINITIONS.**

In this title, the following definitions shall apply:

(1) **DIRECTOR.**—The term “Director” means the Director of the Federal Emergency Management Agency.

(2) **FLOOD INSURANCE POLICY.**—The term “flood insurance policy” means a flood insurance policy issued under the National Flood Insurance Act of 1968 (42 U.S.C. et seq.).

(3) **PROGRAM.**—The term “Program” means the National Flood Insurance Program established under the National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.).

**SEC. 202. SUPPLEMENTAL FORMS.**

(a) **IN GENERAL.**—Not later than 6 months after the date of enactment of this Act, the Director shall develop supplemental forms to be issued in conjunction with the issuance of a flood insurance policy that set forth, in simple terms—

(1) the exact coverages being purchased by a policyholder;

(2) any exclusions from coverage that apply to the coverages purchased;

(3) an explanation, including illustrations, of how lost items and damages will be valued under the policy at the time of loss;

(4) the number and dollar value of claims filed under a flood insurance policy over the life of the property, and the effect, under the National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.), of the filing of any further claims under a flood insurance policy with respect to that property; and

(5) any other information that the Director determines will be helpful to policyholders in understanding flood insurance coverage.

(b) **DISTRIBUTION.**—The forms developed under subsection (a) shall be given to—

(1) all holders of a flood insurance policy at the time of purchase and renewal; and

(2) insurance companies and agents that are authorized to sell flood insurance policies.

**SEC. 203. ACKNOWLEDGEMENT FORM.**

(a) **IN GENERAL.**—Not later than 6 months after the date of enactment of this Act, the Director shall develop an acknowledgement form to be signed by the purchaser of a flood insurance policy that contains—

(1) an acknowledgement that the purchaser has received a copy of the standard flood insurance policy, and any forms developed under section 202; and

(2) an acknowledgement that the purchaser has been told that the contents of a property or dwelling are not covered under the terms of the standard flood insurance policy, and that the policyholder has the option to purchase additional coverage for such contents.

(b) **DISTRIBUTION.**—Copies of an acknowledgement form executed under subsection (a) shall be made available to the purchaser and the Director.

**SEC. 204. FLOOD INSURANCE CLAIMS HANDBOOK.**

(a) **IN GENERAL.**—Not later than 6 months after the date of enactment of this Act, the Director shall develop a flood insurance claims handbook that contains—

(1) a description of the procedures to be followed to file a claim under the Program, including how to pursue a claim to completion;

(2) how to file supplementary claims, proof of loss, and any other information relating to the filing of claims under the Program; and

(3) detailed information regarding the appeals process established under section 205.

(b) **DISTRIBUTION.**—The handbook developed under subsection (a) shall be made available to—

(1) each insurance company and agent authorized to sell flood insurance policies; and

(2) each purchaser, at the time of purchase and renewal, of a flood insurance policy, and at the time of any flood loss sustained by such purchaser.

**SEC. 205. APPEAL OF DECISIONS RELATING TO FLOOD INSURANCE COVERAGE.**

Not later than 6 months after the date of enactment of this Act, the Director shall, by regulation, establish an appeals process through which holders of a flood insurance policy may appeal the decisions, with respect to claims, proofs of loss, and loss estimates relating to such flood insurance policy, of—

(1) any insurance agent or adjuster, or insurance company; or

(2) any employee or contractor of the Federal Emergency Management Agency.

**SEC. 206. STUDY AND REPORT ON USE OF COST COMPLIANCE COVERAGE.**

Not later than 1 year after the date of enactment of this Act, the Director of the Federal Emergency Management Agency shall submit to Congress a report that sets forth—

(1) the use of cost of compliance coverage under section 1304(b) of the National Flood Insurance Act of 1968 (42 U.S.C. 4011(b)) in connection with flood insurance policies;

(2) any barriers to policyholders using the funds provided by cost of compliance coverage under that section 1304(b) under a flood insurance policy, and recommendations to address those barriers; and

(3) the steps that the Federal Emergency Management Agency has taken to ensure that funds paid for cost of compliance coverage under that section 1304(b) are being used to lessen the burdens on all homeowners and the Program.

**SEC. 207. MINIMUM TRAINING AND EDUCATION REQUIREMENTS.**

The Director of the Federal Emergency Management Agency shall, in cooperation with the insurance industry, State insurance regulators, and other interested parties—

- (1) establish minimum training and education requirements for all insurance agents who sell flood insurance policies; and
- (2) not later than 6 months after the date of enactment of this Act, publish these requirements in the Federal Register, and inform insurance companies and agents of the requirements.

**SEC. 208. GAO STUDY AND REPORT.**

(a) **STUDY.**—The Comptroller General of the United States shall conduct a study of—

- (1) the adequacy of the scope of coverage provided under flood insurance policies in meeting the intended goal of Congress that flood victims be restored to their pre-flood conditions, and any recommendations to ensure that goal is being met;
- (2) the adequacy of payments to flood victims under flood insurance policies; and
- (3) the practices of the Federal Emergency Management Agency and insurance adjusters in estimating losses incurred during a flood, and how such practices affect the adequacy of payments to flood victims.

(b) **REPORT.**—Not later than 1 year after the date of enactment of this Act, the Comptroller General shall submit to Congress a report regarding the results of the study under subsection (a).

**SEC. 209. PROSPECTIVE PAYMENT OF FLOOD INSURANCE PREMIUMS.**

Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015) is amended by adding at the end the following:

“(f) **ADJUSTMENT OF PREMIUM.**—Notwithstanding any other provision of law, if the Director determines that the holder of a flood insurance policy issued under this Act is paying a lower premium than is required under this section due to an error in the flood plain determination, the Director may only prospectively charge the higher premium rate.”.

**SEC. 210. REPORT ON CHANGES TO FEE SCHEDULE OR FEE PAYMENT ARRANGEMENTS.**

Not later than 3 months after the date of enactment of this Act, the Director shall submit a report on any changes or modifications made to the fee schedule or fee payment arrangements between the Federal Emergency Management Agency and insurance adjusters who provide services with respect to flood insurance policies to—

- (1) the Committee on Banking, Housing, and Urban Affairs of the Senate; and
- (2) the Committee on Financial Services of the House of Representatives.

The **SPEAKER pro tempore**. Pursuant to the rule, the gentleman from Wisconsin (Mr. **GREEN**) and the gentleman from Massachusetts (Mr. **FRANK**) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. **GREEN**).

**GENERAL LEAVE**

Mr. **GREEN** of Wisconsin. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on S. 2238.

The **SPEAKER pro tempore**. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. **GREEN** of Wisconsin. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of S. 2238, the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act, legislation to reauthorize and reform the National Flood Insurance Program.

The legislation we are considering here today is a must-do bill. Currently, this program is set to expire on June 30 of this year; and without this program, the ability to close a loan and purchase a new home in literally thousands of communities all across this country will be placed in jeopardy.

The NFIP was established by Congress with the passage of the National Insurance Act of 1968. The NFIP is a Federal program enabling property owners in participating companies to purchase insurance as a protection against flood losses in exchange for State and community floodplain management regulations that reduce future flood damages.

Unfortunately, one of the authors of this important legislation, the gentleman from Nebraska (Mr. **BEREUTER**), is unable to be with us here today. However, we would be remiss if we did not recognize his tireless efforts on this bill. For over 14 years, the gentleman from Nebraska (Mr. **BEREUTER**) has worked hard to craft legislation that would reduce the cost of this program to the American taxpayer. Today, repetitive-loss properties cost the NFIP about \$200 million each year. These properties account for only 1 percent of the currently insured properties across the country; yet they represent 25 to 30 percent of all claims paid.

Under our current program, repetitive loss properties are eligible for subsidized flood insurance at rates far below the actuarial rate they should be paying. With the passage of this legislation, people living in flood-prone areas will be provided assistance to reduce their risk of flooding. If they choose not to reduce their risk of flooding, they will be required to pay higher premiums.

In addition to reauthorizing the existing Flood Mitigation Assistance program through 2008, the bill establishes a new pilot program aimed at reducing the number of severe repetitive-loss properties and provides \$40 million to help reach that goal. It is important to note that this fund will not be subject to a Federal appropriation. Instead, this level of funding will come from money that is transferred from the National Flood Insurance Fund, which is composed of policyholder premiums.

S. 2238 is virtually identical to H.R. 253, the Flood Insurance Reform Act of 2003, authored by the gentleman from Nebraska (Mr. **BEREUTER**) and passed by this House on November 20, 2003. I want to take this opportunity to commend the gentleman from Nebraska (Mr. **BEREUTER**) for his hard work on this legislation and for his exemplary service to this body over the years.

I urge my colleagues to support the passage of this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. **FRANK** of Massachusetts. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I concur in the description given by the gentleman from Wisconsin. I am very proud of the work that on a bipartisan basis we did here in this Congress. The House really generated this. The other body went along with our initiative. The initiative really was due to two Members of the House, one on each side of the aisle, the gentleman from Nebraska, who has already been mentioned; and the gentleman from Oregon (Mr. **BLUMENAUER**), who worked very well together and provided the leadership that we on the committee were glad to support.

Mr. Speaker, as recognition of that and because of the press of other business, I ask unanimous consent to turn over the management of the remainder of this bill to the gentleman from Oregon (Mr. **BLUMENAUER**).

The **SPEAKER pro tempore**. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. **GREEN** of Wisconsin. Mr. Speaker, I continue to reserve the balance of my time.

Mr. **BLUMENAUER**. Mr. Speaker, I yield myself such time as I may consume.

(Mr. **BLUMENAUER** asked and was given permission to revise and extend his remarks.)

Mr. **BLUMENAUER**. Mr. Speaker, I appreciate very much the comments that the gentleman from Wisconsin made and particularly highlighting the long-standing contribution of our friend, the gentleman from Nebraska (Mr. **BEREUTER**) who I have been privileged to work with the last 6 years on this bill, but I know he has been working on this issue and is a recognized congressional expert, one of the gentleman's many areas of expertise.

I think it is also important to note the cooperation with the gentleman from Ohio (Chairman **OXLEY**), the gentleman from Massachusetts (Ranking Member **FRANK**) who worked with us as we were maneuvering with our friends in the Senate. I think this is a better bill for the effort.

We have also had a great deal of back and forth from other Members who are from States that have suffered from repetitive-flood loss; and as a result of their efforts, and the work in the Senate, I think we actually have a bill that provides better and broader protections than when we had first begun this work.

Last but not least, I note on the floor the presence of Kyle Gilster, who has done outstanding work staffing this on behalf of the gentleman from Nebraska (Mr. **BEREUTER**). I note that we also have Janine Benners who has been doing this in my office.

Mr. Speaker, I would insert at this point in the **RECORD** the remainder of my comments.



Thank you to Mr. FRANK, Senator BUNNING, Senator SHELBY, and Senator SARBANES.

I also want to thank the staff of Representative BEREUTER, Kyle Gilster, and Representative FRANK, Jeff Riley, for their work on this issue.

The National Flood Insurance Program (NFIP) is crucial and good example of working with local communities to reduce impact of disasters. Benefits economy, environment, and individual property values.

NFIP started in 1968—private insurance companies suffered high losses and stopped offering coverage for flood damage. NFIP helps homeowners deal with flood losses and gives communities tools to prevent future flood damage. Program has already lowered flood damage by 25 percent below the level that would have occurred without the program.

Some problems with the program: in some cases, federal flood control policy encourages floodplain development by financing the construction and repair of levees and underwriting the risk of flooding.

FEMA was concerned about this problem during the Clinton and Bush administrations. Mr. BEREUTER and I worked with former FEMA Administrator James Lee Witt to develop our proposal to fix NFIP problems.

The Office of Management and Budget has pointed out that in too many years the program has expenses greater than its revenue from insurance premiums which prevents building long-term reserves to handle the costs of flood insurance.

Twenty-five percent of the policyholders pay substantially subsidized premiums, with the Federal Treasury and other policyholders paying the difference.

Losers of the NFIP are people who live in areas that require flood insurance, even though they do not have their property flood often, pay dramatically high rates.

The program is currently self supporting from premium income. However, in the 1980s federal taxpayers had to make up a shortfall of \$1.2 billion when the income from the low premiums was not enough to cover the flood claims. The chances of this happening again are high.

Repetitively flooded properties are a significant strain on the NFIP.

FEMA reports that just 1 percent of the properties account for 25 percent of NFIP flood loss dollars. Many of these properties have received more in flood insurance claims payments than the building's value.

Subsidizing people to live in repetitively flooded areas does not make sense.

It is bad for the federal taxpayer, bad for the environment, and bad for the families that are continually placed in harm's way.

Property owners are trapped in a dangerous and expensive cycle. We do flood victims no favors by rebuilding their homes in harm's way.

The legislation we are considering today will avoid many of the injuries, deaths, and damages before they occur, and give property owners the option of moving to a less hazardous area.

Our approach helps build disaster resistant communities and safe homes by providing mitigation assistance to communities.

This bill has a number of benefits:

Most importantly, it will move people out of harm's way and discourage newcomers from moving there. This bill will save lives by moving people to higher ground.

Often overlooked, it will save the federal government millions of dollars in avoided flood damages. FEMA reports that mitigation and building standards already in place have resulted in over \$1 billion annually in reduced flood losses. Our bill will significantly increase these savings by increasing funding for mitigation.

Savings to ratepayers in the National Flood Insurance Program. Mitigating repetitively flooded properties will reduce the pressure to raise flood insurance rates. The Association of State Floodplain Managers estimates that avoiding just one 10 percent rate increase could save the 4.4 million policyholders \$175 million each year.

Finally, this bill will significantly benefit the environment. If property-owners choose to relocate, the land will convert to open-space. Non-structural approaches to flood control, such as voluntary buyouts and restoration of natural floodplains, are often much more effective in controlling floods than structural approaches. Natural floodplains also prevent pollution problems from flooding.

As the bill went through the process in the House and Senate, we worked with Members from coastal areas to make the reforms more sensitive to the plight of their constituents.

I would like to highlight one change we were able to make in the Increased Cost of Compliance (ICC) program. The bill not specifically provides for use of the ICC program funds as local match monies. This program, created in the 1994 Flood Insurance Reform Act, uses a flood insurance premium surcharge to raise money for mitigation—but it hasn't yet functioned well.

Freeing up these funds for use in mitigation of repetitive loss properties will help the affected property owners by dramatically reducing costs to them and will help all policy holders by stemming the drain on the Flood Insurance Fund from repetitive claims.

I respectfully urge passage of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004. This is one of the best fiscal and environmental opportunities for Congress this year.

We can't stop natural hazards from threatening our communities, but we can try to minimize or stop them from becoming disasters, and that's what this bill does.

Mr. NEY. Mr. Speaker, today, I rise in support of S. 2238, the "Flood Insurance Reform Act of 2004."

The Senate bill, in most respects, is identical to H.R. 253, which passed the House on November 20, 2003. The Senate bill did make some acceptable changes to the House-passed bill, such as a new title which provides new consumer protections for flood insurance policyholders. The Senate bill will extend the authorization of the NFIP through September 30, 2008, and create a temporary pilot program to address severe repetitive loss properties. The authorization of the NFIP is set to expire on June 30, 2004. This legislation, S. 2238, represents a continuation of this chamber's past efforts to reform the National Flood Insurance Program.

Floods have been, and continue to be, one of the most destructive and costly natural hazards to our nation. The National Flood Insurance Program is a valuable tool in addressing the losses incurred throughout this country due to floods. It assures that businesses and families have access to affordable insurance

that would not be available on the open market.

The National Flood Insurance Program was established in 1968 with the passage of the National Flood Insurance Act. Prior to that time, insurance companies generally did not offer coverage for flood disasters because of the high risks involved. Today, almost 20,000 communities participate in the national flood insurance program. More than 90 insurance companies sell and service flood policies. There are approximately \$4.4 million policies covering a total of \$620 billion.

In order to participate in the program, communities must agree to abide by certain hazard mitigation provisions. These provisions include adopting building codes that require new floodplain structures to be protected against flooding or elevated above the 100-year floodplain.

The National Flood Insurance program is administered by the Federal Emergency Management Agency (FEMA). It is worth noting that on November 25, 2002, President Bush signed into law the Homeland Security Act of 2002 which brought FEMA under the new Department of Homeland Security.

As many of you are aware, the NFIP reauthorization expired on December 31, 2002. Unfortunately, Congress adjourned without extending the flood insurance program. This situation was quickly remedied in the 108th Congress and on January 13, 2003, President Bush signed into law a bill to reauthorize the program for one year, retroactively to January 1, 2003. This one-year reauthorization gave us the time necessary to determine how best to go about reforming the existing program.

This is a good day for the National Flood Insurance Program and is a good day for the American tax-payers. I applaud all members from both chambers for reaching an agreement.

I urge my colleagues to support this initiative.

Mr. BEREUTER. Mr. Speaker, this Member rises today to express his support for S. 2238, a bill to reauthorize the National Flood Insurance Program (NFIP). This legislation, the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004, passed the Senate by unanimous consent on June 15, 2004. The Senate bill will extend the authorization of the NFIP through September 30, 2008, and create a temporary pilot program to address severe repetitive loss properties. The authorization of the NFIP is set to expire on June 30, 2004. This legislation, S. 2238, represents a continuation of this Member's past efforts to reform the NFIP.

This Senate bill, in most respects, is identical to H.R. 253, which passed the House on November 20, 2003. This Member introduced H.R. 253 on January 8, 2003, along with my distinguished colleague from Oregon (Mr. BLUMENAUER). The Senate bill did make some acceptable changes to the House-passed bill, such as a new title which provides new consumer protections for flood insurance policyholders. However, this Member continues to adamantly oppose one change by the Senate. The Senate bill allows a policyholder to make an appeal, based on independent information, such as contractor estimates or other appraisals. This Member will discuss his strong opposition to this provision at the appropriate time in this statement.

When it comes to expressions of appreciation, this Member first would like to thank the

distinguished gentleman from Oregon (Mr. BLUMENAUER) who was both an original co-sponsor of H.R. 253 and a tireless advocate for reform of the NFIP. The distinguished gentleman from Oregon and this Member introduced similar versions of this legislation, in both the 106th and 107th Congresses.

This Member would also like to thank both the distinguished gentleman from Ohio (Mr. OXLEY), the Chairman of the House Financial Services Committee, and the distinguished gentleman from Massachusetts (Mr. FRANK) for their efforts in bringing this Senate measure to the House floor. This Member must also thank the distinguished junior senator from Kentucky (Mr. BUNNING), the chairman of the Senate Banking, Housing and Urban Affairs Subcommittee on Economic Policy, for introducing S. 2238. This Member also appreciates the contributions of the following Senators who are very supportive of this legislation: the distinguished senior senator from Alabama (Mr. SHELBY), the Chairman of the Senate Banking, Housing and Urban Affairs Committee; the distinguished senior senator from Maryland (Mr. SARBANES), and the distinguished senior senator from Nebraska, my friend, (Mr. HAGEL) among others.

This Member would also like to thank the distinguished gentleman from Louisiana (Mr. BAKER) for being a conscientious legislator who offered a number of provisions which ultimately were included in H.R. 253 and which in turn have subsequently been incorporated into S. 2238. The incorporated suggestions by the distinguished gentleman from Louisiana have made the final product a better bill.

Finally, this Member would also like to thank all of the House and Senate Committee staff who have worked on this legislation. Specifically, this Member would like to thank Kyle Gilster, a Nebraskan formerly on my congressional staff who is now a key member of the staff of the House Financial Services, for his efforts with H.R. 253. In addition, this Member also appreciates the very effective work of Janine Benner, who is a legislative staff member for the distinguished gentleman from Oregon (Mr. BLUMENAUER).

Mr. Speaker, today, this Member would like to organize his remaining comments under the following three sections:

1. background on repetitive loss properties;
2. contents of S. 2238; and
3. the changes the Senate made to H.R. 253.

#### 1. BACKGROUND ON REPETITIVE LOSS PROPERTIES

This Member has been actively proposing specific reform provisions for the NFIP for over 14 years. His work on this issue soon became a bipartisan effort with the distinguished gentleman from Massachusetts (Mr. JOSEPH KENNEDY) who is no longer serving in the House. This legislation, S. 2238, is primarily drawn from H.R. 253, which represents a culmination of my legislative efforts to reduce the extraordinary loss of repetitive loss properties.

Currently, repetitive loss properties cost the NFIP about \$200 million annually. These properties while comprising approximately one percent of the currently insured properties, are expected to account for 25 to 30 percent of claims paid. For example, one home, valued at \$114,480, has received \$806,591 in flood insurance claims over an 18-year period.

Today, the vast majority of repetitive-loss properties are eligible for subsidized flood insurance at rates far below the actuarial risk

rate they should be paying. This bill, S. 2238, would at last move the NFIP towards a more free-market insurance model by requiring people living in flood prone areas to reduce their risk of flooding or pay higher premiums.

#### 2. CONTENTS OF S. 2238

This legislation, S. 2238, authorizes funds for both the existing Flood Mitigation Assistance (FMA) program and a new pilot program. This approach is identical to the one that was used in H.R. 253.

FMA Program. This bill, S. 2238, uses FEMA's existing FMA program to mitigate repetitive loss properties. This bill authorizes up to an additional \$40 million a year to be transferred from the National Flood Insurance Fund into the FMA fund through FY2008.

Pilot Program. Under S. 2238, \$40 million a year is authorized to be transferred from the National Flood Insurance Fund into the pilot program. These funds are required to be used to reduce the number of severe repetitive loss properties. Under this legislation, a severe repetitive loss property must at least meet one of the following two definitions:

(i) for which 4 or more separate claims have been made, with the amount of each claim exceeding \$5,000, and with the cumulative amount exceeding \$20,000; or

(ii) for which at least two claims have been made which exceed the value of the property.

Using this definition, the Federal Emergency Management Agency (FEMA) has estimated that approximately 6,200 properties nationwide would qualify as a severe repetitive loss property.

This trial pilot program, which would expire on September 30, 2009, addresses these properties in a simple, straightforward manner. The owner of a severe repetitive loss property will be charged a rate closer to the actuarial, risk-based rates for their national flood insurance policy if two conditions prevail.

The first condition is that it is by definition a severe repetitive loss property. The second condition is that the owner of the real property must have refused a mitigation measure from a state or locality, such as the elevation of the structure or a buy-out of the property. (It is important to note that this bill preserves state and local decision-making.)

If both of these conditions have been met, rates for severe repetitive loss properties will be increased by 50 percent. Properties will be subject to additional 50 percent increases for each future flood insurance claim exceeding \$1500. However, flood insurance rates cannot be increased to a rate higher than the actuarial level.

#### 3. SENATE CHANGES TO H.R. 253

As mentioned earlier, some constructive changes were made in S. 2238. However, this Member continues to strongly oppose one change made by the Senate. The Senate bill adds a new source of appeal which allows a policyholder, based on independent information, such as contractor estimates or other appraisals, to demonstrate either of the following: the purchase price under a buyout is not an accurate estimate of the property; or that there is an alternative eligible mitigation activity. This Member strongly feels that this is a bad provision.

This provision allows a policy holder to appeal an increase in their flood insurance rates if they find one appraiser to make a determination which is favorable to them. This "independent appraiser" provision is a mile-

wide opening—anybody can shop around and find an appraiser which will give them grounds to appeal. This provision will result in an unnecessary number of appeals which will inevitably bog down the appeals process. This Member directs FEMA to pass regulations that will reduce the very wide breadth of this provision—thus, limiting the abuse of this appeal method.

This Member had conveyed to the Senate his opposition to this provision. Nevertheless, they still did not strike this new appeals criteria. Unfortunately, we have run out of time in this legislation to make a change since the authorization of the NFIP expires on June 30, 2004. This Member urges his colleagues in the House to pass a separate bill in the immediate future to strike this new appeals criteria.

The Senate bill, S. 2238, does make certain changes relative to the House bill which are very constructive. For example, a new title was added which creates additional consumer protections for policyholders. This new title was added at the suggestion of the two distinguished Senators from Maryland (Mr. SARBANES and Ms. MIKULSKI). The impetus for this new title was the problems that flood insurance policy holders in Maryland experienced in the aftermath of the most recent hurricane. This Member is in full support of this change.

This new title requires the Director to develop consumer related disclosure/information forms and a flood insurance claims handbook for policyholders. The Director must promulgate regulations outlining an appeals process for policyholders with respect to claims, proofs of loss, and loss estimates related to flood insurance policies. The Director must also establish minimum training and education requirements, in cooperation with the insurance industry, for all insurance agents who sell flood insurance.

Among other changes, the Senate bill modifies the Federal/state cost share for mitigation projects under the existing FMA program and the pilot program. The changes in the Senate bill were made at the request of the FEMA so that it would be easier to implement the pilot program and the FMA program nationwide.

This Member believes that it is important that one final public policy point be made. The bill, S. 2238, would reduce the amount of regional cost-shifting on flood insurance which is occurring among states and within states. The policyholders in non-repetitive loss areas of the country (such as in Nebraska) by their higher than appropriate premiums are subsidizing the policyholders in repetitive loss areas of the country. Flood insurance policyholders in communities along the Platte River across Nebraska are paying significantly more in flood insurance premiums than the risk warrants. For example, property owners in North Platte have paid \$1.2 million in flood insurance premiums over the last 25 years, while only \$26,000 has been paid out in claims over this time period. The Senate bill, S. 2238, would give FEMA the funds and the tools to mitigate repetitive loss properties which will result in more affordable premiums in the future for policyholders from non-repetitive loss areas of the country, such as in Nebraska.

Mr. Speaker, in conclusion, Congress is finally acting to stop the very expensive treading through the water of repetitive loss after repetitive loss. A very impressive and diverse group of taxpayer, financial, and environmental associations are all in strong support of



S. 2238. This Member would encourage the House to pass, S. 2238, the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004, as it is very necessary reform legislation that is long overdue.

Mr. OSBORNE. Mr. Speaker, I rise in support of S. 2238, the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004.

S. 2238 was originally H.R. 253 which was authored by my dear colleague and fellow Nebraskan, Mr. BEREUTER of Nebraska, and co-sponsored by Mr. BLUMENAUER of Oregon. Both Members have been strong advocates for reforming the National Flood Insurance program, administered by the Federal Emergency Management Agency, since the 106th Congress. Mr. BEREUTER has been a champion of this legislation for the last 14 years.

The legislation will extend the authorization of the National Flood Insurance Program (NFIP) through September 30, 2008, and create a temporary pilot program to address severe repetitive loss properties (SRLPs).

The authorization of the NFIP is set to expire on June 30, 2004.

I support the temporary pilot program included in this important legislation because it will address the problem of severe repetitive loss properties for which many communities in my district are paying increased premiums.

I have numerous communities in my district paying substantial premiums on properties that have not been affected by flooding since the beginning of the program.

One example is North Platte, Nebraska. The community sits between the North and South Platte Rivers. The North and South Platte Rivers merge east of North Platte. While the National Flood Insurance Program has been in place since 1968, North Platte has paid over \$1 million in premiums each year, but has not received more than \$26 thousand in flood insurance claims during that time. The community has been working diligently with FEMA and the Nebraska Department of Natural Resources to reduce the cost of the National Flood Insurance premiums, but premiums continue to remain high.

That is why I support S. 2238.

S. 2238 authorizes up to \$40 million a year to be transferred from the National Flood Insurance Fund for mitigation assistance to reduce the problem of SRLPs. The money in the National Flood Insurance Fund comes from flood insurance premiums from policyholders and would not need an appropriation.

This pilot program, which would expire on September 30, 2009, addresses these properties in a simple, straightforward manner; the owner of a SRLP will be charged a rate closer to the actuarial, risk-based rates for their national flood insurance policy if two conditions prevail.

The first condition is that it is indeed by definition a SRLP. Under this legislation, a severe repetitive loss property must at least meet one of the following two definitions: Four or more separate claims have been made, with the amount of each claim exceeding \$5,000, and with the cumulative amount exceeding \$20,000; at least two claims have been made which exceed the value of the property.

The second condition which would cause the applicability of closer to actuarial rates to be applied is that the owner of the real property must have refused a mitigation measure from a state or locality, such as the elevation

of the structure or a buy-out of the property. If both of these conditions have been met, rates for SRLPs will be increased by 50 percent.

Properties will be subject to additional 50 percent increases for each subsequent flood event where claims payments exceed \$1,500. However, flood insurance rates applied cannot be higher than the actuarial based NFIP rates.

I would again like to thank Mr. BEREUTER and Mr. BLUMENAUER for their tireless determination to improve the National Flood Insurance Program to assist those communities that have not had repetitive losses.

Mr. GREEN of Texas. Mr. Speaker, the National Flood Insurance Program is literally a lifeline to thousands of my constituents, restoring their homes and properties after devastating floods that have become too common for Houston and Harris County, Texas, residents. I support S. 2238 on the suspension calendar today.

There are over 172,000 homes and businesses with National Flood Insurance Program (NFIP) policies in Houston and Harris County, over 37 percent of the 461,000 statewide in Texas. These federally backed NFIP policies are vital to our area because private insurers would not make flood insurance available at any kind of affordable price. H.R. 2238 reassures residents, realtors, insurers, and lending institutions that this Federal backing of the NFIP will be extended by 4 more years until September 2008.

The reform included in this legislation will mean major changes for the Houston area, which has many homes with repeat flood insurance claims. It is important to treat NFIP policy holders fairly because they may now receive FEMA buyout and mitigation offers once they have 4 separate claims of \$5,000 each (or 2 claims exceeding the value of the home), and if they refuse, their premiums will increase by 50 percent, and an addition 50 percent after each following claim of \$1,500, until the premium equals the "market" premium.

These reform provisions have a noble goal of reducing flood premiums for most policy holders and assisting residents who repeatedly flood. But asking someone to leave their home through a government buyout offer can be a traumatic process, especially if the buyout offer does not allow for a smooth relocation of the flood victim.

After Tropical Storm Allison in Harris County in 2001, we had "fair market" buyout FEMA offers so low that people would have been unable to purchase another home outside of the floodplain. So after Allison, we had to scramble to find additional Federal, State, and local sources of funding to assist these people, since FEMA's policy would not allow for purchase offers greater than "fair market value." That kind of uncertainty for a homeowner facing 50 percent higher insurance premiums for refusing a government buyout is just not fair.

In response to these experiences, I authored a provision included in this bill to require FEMA to offer additional funds if "a purchase offer made under [this law] is less than the cost of the homeowner-occupant to purchase a comparable replacement dwelling outside the flood hazard area in the same community, the Director [of FEMA] shall make available an additional relocation payment to the homeowner-occupant to apply to the difference." [S. 2238 Section 102(g)(4)].

I wish to extend my thanks to my colleagues who assisted me in this effort, Chairman

OXLEY, Ranking Member FRANK, and Congressman BEREUTER. Their willingness to listen to the concerns of my constituents over this legislation is much appreciated. Because of the efforts of Chairman OXLEY, Ranking Member FRANK, and Congressman BEREUTER to ensure that homeowners receive a fair price for their homes, I support this legislation and look forward to working with them on a fair and efficient implementation of a reformed, National Flood Insurance Program.

Mr. BLUMENAUER. Mr. Speaker, I yield back the balance of my time.

Mr. GREEN of Wisconsin. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. GREEN) that the House suspend the rules and pass the Senate bill, S. 2238.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

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#### CORRECTING ENROLLMENT OF S. 2238, BUNNING-BEREUTER-BLUMENAUER FLOOD INSURANCE REFORM ACT OF 2004

Mr. GREEN of Wisconsin. Mr. Speaker, I offer a concurrent resolution (H. Con. Res. 458) directing the Secretary of the Senate to make technical corrections in the enrollment of the bill S. 2238, and ask unanimous consent for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 458

*Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (S. 2238) to amend the National Flood Insurance Act of 1968 to reduce losses to properties for which repetitive flood insurance claim payments have been made, the Secretary of the Senate shall strike "Blumenaur" each place such term appears and insert "Blumenauer".*

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

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#### GENERAL LEAVE

Mr. GREEN of Wisconsin. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H. Con. Res. 458, the concurrent resolution just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.