

April 18, 2012

Honorable Tim Johnson, Chairman
Senate Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Honorable Spencer Bachus, Chairman
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

Dear Messrs. Chairmen:

The National Flood Determination Association (NFDA) commends your efforts this Congressional session to strengthen the National Flood Insurance Program's (NFIP's) ability to provide stability for and protection to homeowners and businesses by way of thoughtful legislative proposals to reform the NFIP. The NFDA further encourages you to consider FEMA's recent efforts related to possible NFIP reform through their "Rethinking the NFIP" initiative, and to work with FEMA on determining and implementing the most practical stakeholder recommendations for reforming the NFIP. In order to allow time for meaningful dialogue with FEMA before advancing and applying needed reforms to the NFIP, the NFDA requests that you and your Committee Members introduce and approve legislation reauthorizing the NFIP in its current form for two (2) years beyond next month's expiration of the NFIP on May 31. An independent reauthorization of the NFIP is made more urgent with the imminent onset of the 2012 hurricane season.

The NFDA is a professional association of companies that works with federally regulated lenders to facilitate compliance with the mandatory purchase requirements under the NFIP to ensure that properties located in the Special Flood Hazard Area are protected by flood insurance. The NFDA has seen firsthand the value that the NFIP has brought to the nation by offering its citizens quality coverage at affordable rates, by encouraging the education of property owners about the hazards of flood, and by guiding communities to govern development in ways which mitigate future risks through adoption and enforcement of sound ordinances. At the same time, we have seen the uncertainty and apprehension resulting from multiple last-minute and brief extensions of the NFIP in recent years as well as the actual lapses of the NFIP in 2010. As a result of those intermittent lapses, loan closings were put on hold and property owners were prevented from purchasing or renewing needed insurance protection as they were confronted with the 2010 hurricane season. We were reminded last year by the Midwest floods, Hurricane Irene and Tropical Storm Lee that flood disasters take many forms, all of which can be devastating. Federal flood insurance is the best available financial protection against the catastrophic effects of these events.

Now is the time for Congress to send a message of confidence and certainty to not only the banking and insurance industries but also to homeowners and business owners as they now face the 2012 hurricane season. While we recognize the significant effort that your respective Committees have expended on proposing substantive NFIP reforms, the NFDA recommends that Congress take immediate action to reauthorize the Program independent of these more extensive reform proposals and then utilize the coming months to further inform and refine your proposals through cooperation with FEMA and the "Rethinking the NFIP" initiative. In the meantime, a two-year reauthorization will ensure that valuable flood insurance protection will be continually available to homeowners and business owners while contributing to the nation's ongoing economic recovery in the form of a stable and active housing market.

The National Flood Determination Association strongly urges Congress to independently reauthorize the National Flood Insurance Program for a minimum of two (2) years prior to its impending expiration on May 31.

We thank you and your Committee Members for the important work you do related to the NFIP and for considering our urgent recommendation. Please make independent reauthorization of the NFIP a priority.

Sincerely,



Cheryl A. Small, President
National Flood Determination Association

Cc: Honorable Richard Shelby, Ranking Member, Senate Committee on Banking, Housing and Urban Affairs
Honorable Barney Frank, Ranking Member, House Committee on Financial Services

National Flood Determination Association