

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 1422
OFFERED BY M. _____**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Private Flood Insur-
3 ance Market Development Act of 2017”.

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 the
13 enactment of this Act, no Federal officer or agency shall
14 approve any financial assistance for acquisition or con-
15 struction purposes for use in any area that has been iden-
16 tified by the Administrator as an area having special flood
17 hazards and in which the sale of flood insurance has been
18 made available under the National Flood Insurance Act

1 of 1968, unless the building or mobile home and any per-
2 sonal property to which such financial assistance relates
3 is covered by flood insurance: *Provided*, That the amount
4 of flood insurance (1) in the case of Federal flood insur-
5 ance, is at least equal to the development or project cost
6 of the building, mobile home, or personal property (less
7 estimated land cost), the outstanding principal balance of
8 the loan, or the maximum limit of Federal flood insurance
9 coverage made available with respect to the particular type
10 of property, whichever is less; or (2) in the case of private
11 flood insurance, is at least equal to the development or
12 project cost of the building, mobile home, or personal
13 property (less estimated land cost), the outstanding prin-
14 cipal balance of the loan, or the maximum limit of Federal
15 flood insurance coverage made available with respect to
16 the particular type of property, whichever is less: *Provided*
17 *further*, That if the financial assistance provided is in the
18 form of a loan or an insurance or guaranty of a loan, the
19 amount of flood insurance required need not exceed the
20 outstanding principal balance of the loan and need not be
21 required beyond the term of the loan. The requirement
22 of maintaining flood insurance shall apply during the life
23 of the property, regardless of transfer of ownership of such
24 property.”.

1 (2) REQUIREMENT FOR MORTGAGE LOANS.—
2 Subsection (b) of section 102 of the Flood Disaster
3 Protection Act of 1973 (42 U.S.C. 4012a(b)) is
4 amended—

5 (A) by striking paragraph (7);

6 (B) by redesignating paragraph (6) as
7 paragraph (7);

8 (C) by striking the subsection designation
9 and all that follows through the end of para-
10 graph (5) and inserting the following:

11 “(b) REQUIREMENT FOR MORTGAGE LOANS.—

12 “(1) REGULATED LENDING INSTITUTIONS.—

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

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

14 “(2) FEDERAL AGENCY LENDERS AND MORT-
15 GAGE INSURANCE AND GUARANTEE AGENCIES.—

16 “(A) FEDERAL AGENCY LENDERS.—A
17 Federal agency lender may not make, increase,
18 extend, or renew any loan secured by improved
19 real estate or a mobile home located or to be lo-
20 cated in an area that has been identified by the
21 Administrator as an area having special flood
22 hazards and in which flood insurance has been
23 made available under the National Flood Insur-
24 ance Act of 1968, unless the building or mobile
25 home and any personal property securing such

1 loan is covered for the term of the loan by flood
2 insurance in accordance with paragraph (1).
3 Each Federal agency lender may issue any reg-
4 ulations necessary to carry out this paragraph.
5 Such regulations shall be consistent with and
6 substantially identical to the regulations issued
7 under paragraph (1).

8 “(B) OTHER FEDERAL MORTGAGE ENTI-
9 TIES.—

10 “(i) COVERAGE REQUIREMENTS.—
11 Each covered Federal mortgage entity
12 shall implement procedures reasonably de-
13 signed to ensure that, for any loan that—

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

24 “(II) is made, insured, held, or
25 guaranteed by such entity, or backs or

1 on which is based any trust certificate
2 or other security for which such entity
3 guarantees the timely payment of
4 principal and interest,

5 the building or mobile home and any per-
6 sonal property securing the loan is covered
7 for the term of the loan by flood insurance
8 in the amount provided in paragraph (1).

9 “(ii) DEFINITION.—For purposes of
10 this subparagraph, the term ‘covered Fed-
11 eral mortgage entity’ means—

12 “(I) the Secretary of Housing
13 and Urban Development, with respect
14 to mortgages insured under the Na-
15 tional Housing Act;

16 “(II) the Secretary of Agri-
17 culture, with respect to loans made,
18 insured, or guaranteed under title V
19 of the Housing Act of 1949; and

20 “(III) the Government National
21 Mortgage Association.

22 “(C) REQUIREMENT TO ACCEPT FLOOD IN-
23 SURANCE.—Each Federal agency lender and
24 each covered Federal mortgage entity shall ac-
25 cept flood insurance as satisfaction of the flood

1 insurance coverage requirement under subpara-
2 graph (A) or (B), respectively, if the flood in-
3 surance coverage meets the requirements for
4 coverage under such subparagraph and the re-
5 quirements relating to financial strength issued
6 pursuant to paragraph (4).

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

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

20 “(B) purchased or guaranteed by such en-
21 tity,

22 the building or mobile home and any personal prop-
23 erty securing the loan is covered for the term of the
24 loan by flood insurance in the amount provided in
25 paragraph (1). The Federal National Mortgage As-

1 society and the Federal Home Loan Mortgage
2 Corporation shall accept flood insurance as satisfac-
3 tion of the flood insurance coverage requirement
4 under paragraph (1) if the flood insurance coverage
5 provided meets the requirements for coverage under
6 that paragraph and the requirements relating to fi-
7 nancial strength issued pursuant to paragraph (4).

8 “(4) REQUIREMENTS REGARDING FINANCIAL
9 STRENGTH.—The Director of the Federal Housing
10 Finance Agency, in consultation with the Federal
11 National Mortgage Association, the Federal Home
12 Loan Mortgage Corporation, the Secretary of Hous-
13 ing and Urban Development, the Government Na-
14 tional Mortgage Association, and the Secretary of
15 Agriculture shall develop and implement require-
16 ments relating to the financial strength of private
17 insurance companies from which such entities and
18 agencies will accept private flood insurance, provided
19 that such requirements shall not affect or conflict
20 with any State law, regulation, or procedure con-
21 cerning the regulation of the business of insurance.

22 “(5) APPLICABILITY.—

23 “(A) EXISTING COVERAGE.—Except as
24 provided in subparagraph (B), paragraph (1)
25 shall apply on the date of enactment of the Rie-

1 gle Community Development and Regulatory
2 Improvement Act of 1994.

3 “(B) NEW COVERAGE.—Paragraphs (2)
4 and (3) shall apply only with respect to any
5 loan made, increased, extended, or renewed
6 after the expiration of the 1-year period begin-
7 ning on the date of enactment of the Riegle
8 Community Development and Regulatory Im-
9 provement Act of 1994. Paragraph (1) shall
10 apply with respect to any loan made, increased,
11 extended, or renewed by any lender supervised
12 by the Farm Credit Administration only after
13 the expiration of the period under this subpara-
14 graph.

15 “(C) CONTINUED EFFECT OF REGULA-
16 TIONS.—Notwithstanding any other provision of
17 this subsection, the regulations to carry out
18 paragraph (1), as in effect immediately before
19 the date of enactment of the Riegle Community
20 Development and Regulatory Improvement Act
21 of 1994, shall continue to apply until the regu-
22 lations issued to carry out paragraph (1) as
23 amended by section 522(a) of such Act take ef-
24 fect.

1 “(6) RULE OF CONSTRUCTION.—Except as oth-
2 erwise specified, any reference to flood insurance in
3 this section shall be considered to include Federal
4 flood insurance and private flood insurance. Nothing
5 in this subsection shall be construed to supersede or
6 limit the authority of a Federal entity for lending
7 regulation, the Federal Housing Finance Agency, a
8 Federal agency lender, a covered Federal mortgage
9 entity (as such term is defined in paragraph
10 (2)(B)(ii)), the Federal National Mortgage Associa-
11 tion, or the Federal Home Loan Mortgage Corpora-
12 tion to establish requirements relating to the finan-
13 cial strength of private insurance companies from
14 which the entity or agency will accept private flood
15 insurance, provided that such requirements shall not
16 affect or conflict with any State law, regulation, or
17 procedure concerning the regulation of the business
18 of insurance.”; and

19 (D) by adding at the end the following new
20 paragraphs:

21 “(8) DEFINITIONS.—In this section:

22 “(A) FLOOD INSURANCE.—The term ‘flood
23 insurance’ means—

24 “(i) Federal flood insurance; and

25 “(ii) private flood insurance.

1 “(B) FEDERAL FLOOD INSURANCE.—The
2 term ‘Federal flood insurance’ means an insur-
3 ance policy made available under the National
4 Flood Insurance Act of 1968 (42 U.S.C. 4001
5 et seq.).

6 “(C) PRIVATE FLOOD INSURANCE.—The
7 term ‘private flood insurance’ means an insur-
8 ance policy that—

9 “(i) is issued by an insurance com-
10 pany that is—

11 “(I) licensed, admitted, or other-
12 wise approved to engage in the busi-
13 ness of insurance in the State in
14 which the insured building is located,
15 by the insurance regulator of that
16 State; or

17 “(II) eligible as a nonadmitted
18 insurer to provide insurance in the
19 home State of the insured, in accord-
20 ance with sections 521 through 527 of
21 the Dodd-Frank Wall Street Reform
22 and Consumer Protection Act (15
23 U.S.C. 8201 through 8206);

24 “(ii) is issued by an insurance com-
25 pany that is not otherwise disapproved as

1 a surplus lines insurer by the insurance
2 regulator of the State in which the prop-
3 erty to be insured is located; and

4 “(iii) provides flood insurance cov-
5 erage that complies with the laws and reg-
6 ulations of that State.

7 “(D) STATE.—The term ‘State’ means any
8 State of the United States, the District of Co-
9 lumbia, the Commonwealth of Puerto Rico,
10 Guam, the Northern Mariana Islands, the Vir-
11 gin Islands, and American Samoa.”.

12 (b) EFFECT OF PRIVATE FLOOD INSURANCE COV-
13 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—
14 Section 1308 of the National Flood Insurance Act of 1968
15 (42 U.S.C. 4015) is amended by adding at the end the
16 following:

17 “(n) EFFECT OF PRIVATE FLOOD INSURANCE COV-
18 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—
19 For purposes of applying any statutory, regulatory, or ad-
20 ministrative continuous coverage requirement, including
21 under section 1307(g)(1), the Administrator shall consider
22 any period during which a property was continuously cov-
23 ered by private flood insurance (as defined in section
24 102(b)(8) of the Flood Disaster Protection Act of 1973

1 (42 U.S.C. 4012a(b)(8))) to be a period of continuous cov-
2 erage.”.

