

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 2874
OFFERED BY MR. GRAVES OF LOUISIANA**

Page 129, after line 3, insert the following new sub-
section:

1 (f) MANDATORY PURCHASE VERIFICATION.—

2 (1) GAO STUDY.—The Comptroller General of
3 the United States shall conduct a study to determine
4 the extent of compliance and non-compliance with
5 the flood insurance mandatory purchase require-
6 ments under section 102 of the Flood Disaster Pro-
7 tection Act of 1973 (42 U.S.C. 4012a) and the ef-
8 fectiveness of the enforcement of such requirements.

9 (2) ISSUES.—The study under this subsection
10 shall—

11 (A) reconcile all properties located in spe-
12 cial flood hazard areas and existing policies for
13 flood insurance coverage under the National
14 Flood Insurance Program, to determine the ex-
15 tent of current compliance with such mandatory
16 purchase requirements; and

17 (B) examine and analyze—

1 (i) the effectiveness of the oversight of
2 the Federal Emergency Management
3 Agency, the Federal entities for lending
4 regulation (which term, for purposes of
5 this subsection, shall have the meaning
6 given such term in section 3 of the Flood
7 Disaster Protection Act of 1973 (42
8 U.S.C. 4003)), Federal agency lenders,
9 and the Director of the Federal Housing
10 Finance Agency with respect to compliance
11 with such mandatory purchase require-
12 ments; and

13 (ii) the effectiveness of the penalties
14 available for violation of such mandatory
15 purchase requirements;

16 (iii) the effectiveness and efficacy of
17 providing for routine third party oversight
18 of compliance with such mandatory pur-
19 chase requirements; and

20 (iv) whether the framework for com-
21 pliance with and enforcement of such man-
22 datory purchase requirements under exist-
23 ing laws and regulations is sufficient or
24 not, including gaps between the Federal
25 Emergency Management Agency and lend-

1 ing institutions and private insurance pro-
2 viders and other institutions.

3 (3) REPORT AND RECOMMENDATIONS.—Not
4 later than the expiration of the 18-month period be-
5 ginning on the date of the enactment of this Act, the
6 Comptroller General shall submit to the Congress,
7 the Federal Emergency Management Agency, each
8 Federal entity for lending regulation, each Federal
9 agency lender, and the Director of the Federal
10 Housing Finance Agency a report on the study con-
11 ducted under this subsection, which shall include
12 specific recommendations of actions to be taken by
13 the Federal Emergency Management Agency, the
14 Federal entities for lending regulation, Federal
15 agency lenders, and the Director of the Federal
16 Housing Finance Agency to improve compliance with
17 such mandatory purchase requirements.

18 (4) REQUIRED IMPLEMENTATION.—Before the
19 expiration of the 18-month period beginning on the
20 date of the submission of the report under para-
21 graph (3), the Administrator of the Federal Emer-
22 gency Management Agency, the Federal entities for
23 lending regulation, the Federal agency lenders, and
24 the Director of the Federal Housing Finance shall

1 take such actions as may be necessary to implement
2 each of the recommendations made in the report.

3 (5) LIMITATIONS.—During the period that be-
4 gins on the date of the enactment of this Act and
5 ending upon the date that the Administrator of the
6 Federal Emergency Management Agency, the Fed-
7 eral entities for lending regulation, the Federal
8 agency lenders, and the Director of the Federal
9 Housing Finance Agency jointly certify in writing to
10 the Congress that such entities have implemented
11 the recommendations set forth in the report sub-
12 mitted pursuant to paragraph (3), the following
13 shall apply:

14 (A) ANNUAL PREMIUM INCREASES.—Not-
15 withstanding any other provision of law, the an-
16 nual chargeable risk premium rate for flood in-
17 surance coverage made available under the Na-
18 tional Flood Insurance Act of 1968 for any
19 property may not—

20 (i) exceed 1.0 percent of the value
21 covered by such insurance coverage; or

22 (ii) be increased in any year by an
23 amount such that the percentage increase,
24 as compared to the preceding year, exceeds
25 the percentage increase in the Consumer

1 Price Index for All Urban Consumers over
2 the same year.

3 (B) CONTINUED GRANDFATHERING.—Not-
4 withstanding any other provision of law—

5 (i) in the case of any property covered
6 by flood insurance made available under
7 the National Flood Insurance Program
8 that has not at any time lapsed in cov-
9 erage, upon any updating, revision, or
10 other change in the applicable flood insur-
11 ance map covering such property, such cov-
12 erage shall continue to be offered at pre-
13 mium rates in effect for such property im-
14 mediately preceding such updating, revi-
15 sion, or change;

16 (ii) in the case of any property for
17 which construction or substantial improve-
18 ment was started after December 31,
19 1974, that was constructed in compliance
20 with the floodplain management regula-
21 tions in effect at the time of such start of
22 construction or substantial improvement
23 and has not subsequently been substan-
24 tially damaged by a flood event or substan-
25 tially improved, flood insurance coverage

1 made available under the National Flood
2 Insurance Program shall continue to be of-
3 fered at premium rates in effect for such
4 property in effect at the time of such start
5 of construction or substantial improve-
6 ment; and

7 (iii) the premium rate for flood insur-
8 ance made available under such Act for
9 any property described in subsection (i) of
10 section 1308 of the National Flood Insur-
11 ance Act of 1968 (42 U.S.C. 4015(i)) may
12 not be increased upon renewal of such pol-
13 icy.

14 (6) LIABILITY LIMITATIONS FOR LENDER VIO-
15 LATIONS.—Prior to the date that the Administrator
16 of the Federal Emergency Management Agency, the
17 Federal entities for lending regulation, the Federal
18 agency lenders, and the Director of the Federal
19 Housing Finance Agency jointly certify in writing to
20 the Congress that such entities have implemented
21 the recommendations set forth in the report sub-
22 mitted pursuant to paragraph (3), no civil monetary
23 penalty may be assessed under subsection (f) of sec-
24 tion 102 of the Flood Disaster Protection Act of
25 1973 (42 U.S.C. 4012a(f)) unless a finding is made,

1 in the hearing under paragraph (4) of such section
2 102(f) if such a hearing is requested, that the viola-
3 tion involved was intentional.

