

Congress Passes 60-Day Flood Insurance Extension

Congress passed and sent to President Obama a 60-day extension of the National Flood Insurance Program (NFIP) yesterday, which was set to expire today. The legislation gives lawmakers breathing room to look at a long-term extension and reform of the program, which NAR strongly supports.

The program, which provides federal backing of flood insurance for some 5.6 million home owners in 21,000 communities around the country, has been subject to more than a dozen short-term reauthorizations similar to yesterdays in the last four years. Since 2008, the program has lapsed twice, with one such lapse lasting almost two months in 2010. NAR estimates that some 1,300 transactions a day were stalled during that lapse, creating enormous economic dislocations for the communities in which the properties were located. NAR has estimated that 8 million homes, or about 10 percent of all homes in the country, are located in either the 100-year flood plain or other types of flood hazard areas.

In testimony before the Senate Banking Committee earlier this month, NAR President Moe Veissi asked lawmakers to turn to long-term extension of the program as soon as possible. “All stopgap extensions do is maintain an uncertain status quo while shut downs risk homes, businesses, communities, and the U.S. economy,” he told the committee. NAR is urging lawmakers to reauthorize the program for five years and make reforms to increase the program’s efficiency.

Among those reforms are changes to the appeals process for areas designated as flood hazards areas, streamlining and improving the review process for flood mapping, and making the pricing structure more accurate.