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President and CEO

February 24, 2014

United States House of Representatives
Washington, D.C. 20515

Dear Member of Congress:

On behalf of the 7,000 community banks represented by ICBA, I write to express our support for the Homeowner Flood Insurance Affordability Act of 2014 (H.R. 3370), introduced by Rep. Michael Grimm, which would provide relief from flood insurance premium “shock” that is depressing home values and freezing the market in certain communities. Importantly, H.R. 3370 will provide this relief while ensuring the actuarial soundness of the National Flood Insurance Program (NFIP).

As a result of amendments to the NFIP by the Biggert-Waters Flood Insurance Act of 2012, certain properties have been and others will be subject to skyrocketing premium increases triggered by a new flood map or by a transfer of ownership. This is true even if the properties were built to code under then-current flood maps (“grandfathered properties”) and have never experienced a flood. H.R. 3370 will provide permanent grandfathering of insurance rates for properties located in areas that have been remapped. H.R. 3370 also provides that a new flood insurance policy or the transfer of a home to a new owner will not trigger a premium increase. H.R. 3370 contains additional provisions to strengthen the NFIP.

ICBA has been working tirelessly to enact needed legislation to remedy the problems and unintended consequences of the Biggert-Waters Act. If no corrective action is taken, flood insurance rate increases will simply be unaffordable for many middleclass homeowners. Home values will be destroyed and the housing market recovery could be abruptly reversed. Mortgage collateral will be undermined and bank capital eroded, which will depress new lending. Property tax revenues that local governments rely upon to fund schools and other essential services will be sharply curtailed. The impact of rate increases will be seen not only in coastal communities but in any community located near a river. Broad swathes of the country will be impacted. This is why we strongly support the key reforms in H.R. 3370, which will prevent these adverse outcomes and put the NFIP on a sound actuarial footing.

We urge all Members to vote YES on H.R. 3370. ICBA will work to advance this critical legislation.

Sincerely,

/s/

Camden R. Fine
President & CEO