MORTGAGE BANKERS ASSOCIATION

March 8, 2017

The Honorable Dean Heller
U.S. Senate
324 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Jon Tester
U.S. Senate
311 Hart Senate Office Building
Washington, D.C. 20515

The Honorable Dennis Ross
U.S. House of Representatives
436 Cannon House Office Building
Washington, D.C. 20515

The Honorable Kathy Castor
U.S. House of Representatives
2052 Rayburn House Office Building
Washington, D.C. 20515

Dear Senator Heller, Senator Tester, Representative Ross, and Representative Castor:

On behalf of the Mortgage Bankers Association[1], I want to express our support for S. 563 and H.R. 1422, the *Flood Insurance Market Parity and Modernization Act*. These bipartisan bills address two of the primary impediments to the development of a private flood insurance market: lack of clarity as to what constitutes acceptable private flood insurance and uncertainty about the effect of private insurance on the continuous coverage requirement.

While the intent of the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) was for private flood insurance to satisfy the mandatory purchase requirement, lack of clarity in the statutory language had the unintended effect of making it more difficult for lenders to accept private flood insurance policies. Prior to the enactment of BW-12, lenders were permitted to accept private flood insurance to meet the mandatory purchase requirement of the National Flood Insurance Reform Act of 1994. The BW-12 requirements have made it difficult for lenders to determine whether a private policy provides the necessary coverage under the definition. By allowing individual states to determine what constitutes acceptable private coverage, H.R. 1422 and S. 563 would add clarity to the current uncertainty amongst lenders in this regard.

These bills also clarify that continuous coverage by private flood insurance satisfies any statutory, regulatory, or administrative continuous coverage requirements. Under the current National Flood Insurance Program (NFIP) rules, a policyholder would likely lose any subsidy or "grandfathered" status if they left the NFIP and opted to obtain coverage with a private flood

[1] The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets; to expand homeownership and extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,200 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: www.mba.org.

insurance policy. This has created a disincentive for consumers to choose a private policy in lieu of the NFIP and thwarts congressional intent to encourage the development of a more robust private flood insurance market.

MBA urges all members of the House and Senate to support H.R. 1422 and S. 563. Passage of the Flood Insurance Market Parity and Modernization Act will encourage the growth of a competitive and sustainable private flood insurance market. Increased private sector involvement will expand available insurance options, lower costs to consumers, and reduce the federal government's exposure to flood loss over time.

Sincerely,

Bill Killmer
Senior Vice President, Legislative and Political Affairs