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## **Obama signed a renewal of the Flood Insurance Reform Act July 6th which extends the program for five years**

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President Obama signed a renewal of the Flood Insurance Reform Act July 6th, which extends the National Flood Insurance Program (NFIP) for five years. If you live in a high risk flood area, Federal law requires you to purchase flood insurance in order to buy a home. NFIP was set to expire July 31st of this year, which would have prevented home buyers from getting mortgages in these areas. The program has been reauthorized through September 30th, 2017.

The NFIP was created in 1968 to enable homeowners to buy affordable flood insurance from the government. Flooding causes more damage than any other natural disaster and not just in coastal areas. According to the National Association of Realtors (NAR), more than 98% of NFIP policies have been issued in non-coastal communities. (To view flood maps, visit the FEMA website.)

NFIP is the only program offering low- and middle-income home owners flood insurance. Currently 5.6 million homeowners in the U.S. rely on this insurance, including homeowners in Massachusetts. Provisions in the bill now include allowing multi-family properties NFIP coverage.

In recent years, NFIP has lapsed many times, forcing home sale closings and to be delayed in areas where flood insurance is mandatory. Flood insurance cannot be purchased during program lapses, and existing policies can't be renewed. Banks won't refinance or approve a mortgage for a home in a flood prone area without flood insurance. So if you were a homeowner living in one of these areas you wouldn't be able to sell your home, refinance, or buy a new home.

According to NAR, one of these lapses stalled more than 40,000 home sales in June 2010. NAR has been a staunch advocate for getting this bill passed. NAR president Moe Veissi testified before the Senate Banking Subcommittee on Economic Policy about reauthorizing the National Flood Insurance Program in May. According to Veissi's testimony, only 31% of homes in flood hazard areas here in the Northeast in are covered by NFIP. Without NFIP, homeowners, renters, and businesses owners would be vulnerable to devastating floods, and taxpayers would be on the hook to pay for them.

Last month, in a letter to Senate leaders urging them to reauthorize the NFIP, The National Association of Insurance Commissioners said, "the NFIP is essential for completing half a million home sales annually and... a long-term extension will help provide certainty for property owners in their efforts to prepare for flood disasters."

Now that NFIP has been extended another 5 years, there won't be a stop in coverage for buyers who wish to purchase a home or for homeowners who want to sell.