

## NAHB Supports H.R. 3121

On behalf of the 235,000 members of the National Association of Home Builders (NAHB), I am writing to express our support for H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007 as amended by the Manager's Amendment, which includes much-needed technical improvements to the underlying bill.

September 26, 2007

The Honorable Gene Taylor

United States House of Representatives

2269 Rayburn House Office Building

Washington, D.C. 20515

Dear Representative Taylor:

On behalf of the 235,000 members of the National Association of Home Builders (NAHB), I am writing to express our support for H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007 as amended by the Manager's Amendment, which includes much-needed technical improvements to the underlying bill.

As you know, Hurricanes Katrina, Rita and Wilma radically disrupted the lives of those living on the Gulf Coast. After the storms' passing, many homeowners found themselves in dispute with their property insurance companies over whether water or wind was the primary cause of damage to their homes. After much debate, one proposed solution which has emerged to address this conflict is to expand the authority of the National Flood Insurance Program (NFIP) to include wind coverage.

NAHB is pleased that the bill incorporates new language to provide wind insurance coverage for home owners. H.R. 3121, as amended by the Manager's Amendment, would provide a needed addition in expanding the availability and affordability of property insurance in high hazard areas. Additionally, it references the mitigation requirements of consensus-based building codes as a measure to lessen the potential damage caused by a natural disaster and thus further ensure the financial stability of the NFIP.

NAHB remains concerned about the overall solvency of the NFIP, but we also

view this program as not simply about flood insurance premiums and payouts. The NFIP is a comprehensive tool to guide the development of growing communities while simultaneously balancing the need for reasonable protection of life and property. The specific method Congress uses to achieve this balance could potentially impact housing affordability as well as the control local communities have over their growth and development. NAHB believes that H.R. 3121 strikes the proper balance in protecting the NFIP's long-term financial stability while ensuring that federally-backed flood insurance remains available and affordable.

As this new NFIP expansion moves forward, NAHB encourages Congress to limit the amount of the program's fiscal exposure to ensure its financial sustainability and to require premiums for the new multi-peril coverage to be risk-based and actuarially sound. NAHB commends the work of the House Financial Services Committee in crafting legislation to preserve and enhance this important federal program, and we urge your support for H.R. 3121, as amended by the Manager's Amendment, when it comes to the House floor this week.

Thank you for your attention to our views.

Sincerely,

Joseph M. Stanton  
JMS/scm