



SUBJECT: Lack of Enforcement and Suspension / Withdrawal from the NFIP

Lack of Enforcement

If a community is found to have enforcement problems, it can be placed on probation. This action serves two purposes. First, in the case of a community whose violations or program deficiencies may not be serious enough to warrant suspension, probation is a tool for obtaining compliance. Probationary status emphasizes to a community that its administrative and enforcement responsibilities are serious and that neglecting them jeopardizes its participation in the NFIP. Second, in the case of a community whose violations and program deficiencies probably warrant suspension, probation is the precursor to suspension.

In both instances, probation is the formal notification to a community that its floodplain management program is regarded as non-compliant with the NFIP criteria. During the probationary period, flood insurance remains available. However, in communities that are placed on probation after October 1, 1986, a \$50.00 surcharge will be added to each flood insurance policy premium for one year. Each policyholder is charged and notified that this surcharge is a result of the community's probationary status.

Suspension from the NFIP can occur due to non-compliance by a community. An example would be a non-compliant ordinance or the failure to adopt the community Flood Insurance Rate Map (FIRM).

Suspension or Withdrawal from the NFIP

1. Flood insurance will no longer be available. No resident will be able to purchase a flood insurance policy. Policies in currently in effect will not be renewed.
2. No Federal grants or loans for buildings that are identified as being in the Special Flood Hazard Area (SFHA). This includes all Federal agencies such as HUD, EPA, SBA, HHR, etc.
3. No Federal disaster assistance may be provided in the identified SFHA for permanent restorative construction and grants.

4. No Federal mortgage insurance may be provided in the identified SFHA. This includes FHA, VA, etc. Current loans and mortgages could become due immediately upon loss of flood insurance.
5. Recent legislative changes to FDPA: Restriction on conventional loans in nonparticipating communities replaced by requirement that lenders:
 - a. Must notify buyer or lessee that property is in a SFHA, and;
 - b. Must notify buyer or lessee that property in SFHA is not eligible for Federal disaster relief in a Federal declared disaster.
6. The Flood Insurance Rate Map (FIRM) and appropriate actuarial rates go into effect regardless of whether or not a community participates in the program. Lacking a local Flood Damage Prevention Ordinance, unsafe construction today may result in prohibitively expensive insurance premiums tomorrow.
7. Local governing body may be susceptible to liability by its lack of enforcement, withdrawal from the NFIP, or nonparticipation because their action:
 - a. Denies the ability of its citizens to purchase flood insurance, and;
 - b. Does not take positive steps to reduce the exposure of life and property in the face of authoritative scientific and technical data.