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.