

EFFECTS OF WITHDRAWAL

FROM THE NATIONAL FLOOD INSURANCE PROGRAM

- **No flood insurance is available** on any building located within a nonparticipating community. No owner of a residence, business, or public building will be able to purchase a flood insurance policy.
- **No Federal disaster assistance** can be provided in identified flood hazard areas if flood insurance is a condition of the assistance (such as disaster recovery loans and grants). This means no federal funds will be available for rebuilding an area that has suffered significant flood damage. No federal funds would be available for acquisition, construction, or repair of insurable structures. Assistance for replacing or repairing structures and personal property located in an identified flood hazard area would be limited to only emergency food and shelter costs.
- **No Federal mortgage insurance** can be provided for structures in identified flood hazard areas if flood insurance is a condition of the grant or loan, including the Federal Housing Administration, Veterans Administration, Farmers Home Administration, Department of Housing and Urban Development, and the Small Business Administration among others.
- **Other Federal agency loans and grants will not be available**, such as: Environmental Protection Agency grants for construction of sewer and water supply systems in the floodplain; Department of Transportation funds to build or improve roads in the floodplain; and Small Business Administration loans to firms building or expanding in the floodplain.
- **Legislative requirements** in the Flood Disaster Protection Act **restrict conventional loans** in nonparticipating communities. Lenders are required to:
 - 1) notify the buyer or lessee that the property is in a flood hazard area, and
 - 2) notify the buyer or lessee that property in a flood hazard area is not eligible for federal disaster relief in a declared disaster.
- **A local governing body may be held liable** by not participating because their action:
 - 1) denies the ability of its citizens to purchase flood insurance, and
 - 2) does not take positive steps to reduce the exposure of life and property in the face of authoritative scientific and technical data.
- **If the community chooses to reenter the National Flood Insurance Program (NFIP) at a later time**, all development in the floodplain conducted during the nonparticipation period must be reviewed by FEMA prior to any reinstatement. This includes any residential or business construction, grading or filling activities, and watercourse modifications. These interim actions could prevent the community from qualifying for future NFIP participation.
- **Actuarial rates are in effect regardless** of whether or not a community participates in the NFIP. Structures not meeting the minimum NFIP construction requirements may be prohibitively expensive to insure should the community reenter the National Flood Insurance Program later.