

National Flood Insurance Program (NFIP)
Consequences of Non-Participation
24-Jun-19

PROGRAM	CONSEQUENCE	CITATION
National Flood Insurance Program {NFIP}	<ul style="list-style-type: none"> • Federal flood insurance will no longer be available • No federal grant or loans • No federal disaster assistance loans (i.e. SBA) • No federal mortgage insurance (i.e. FHA, VA, Farmers Home, etc.) • No Fannie Mae, Freddie Mac, and GNMA purchase of mortgages in the secondary market • lenders of conventional loan must notify the buyer or lessee that property is in a flood hazard area and must notify the buyer or lessee that property in flood hazard area is not eligible for federal disaster relief in a declared disaster. • A sanctioned community has six months to join the NFIP following a disaster declaration and still be eligible for disaster assistance in a mapped Special Flood Hazard Area (SFHA). • Any non-compliant development occurring in the SFHA of a suspended community must be corrected prior to reinstatement 	<ul style="list-style-type: none"> • Section 201 of the Flood Disaster Assistance Act of 1968(amended in 1973) • Flood Insurance Reform Act of 1994 • Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 • 44 CFR § 59.24(a) • 44 CFR § 59.24(f) • 44 CFR § 60.1 • 44 CFR § 60.3 • 44CFR § 59.2(a)
Hazard Mitigation Assistance (Non- disaster Mitigation Grants)	<ul style="list-style-type: none"> • No HMA grants {FMA, RFC, or SRL) are available, all sub-applicants must be participating in the NFIP and must not have been suspended or have withdrawn from the NFIP to be eligible to apply 	<ul style="list-style-type: none"> • Section 1366, 1323, & 1361A of National Flood Insurance Act {NFIA) • HMA Unified Guidance Part III, D.6.1, D.7, Eligibility Information • 44 CFR 9.11(d)
Hazard Mitigation Grant	<ul style="list-style-type: none"> • No HMGP grants are available within the SFHA- all sub- 	<ul style="list-style-type: none"> • Section 1366, 1323, & 1361A

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Program (HMGP) & Pre-Disaster Mitigation Program (PDA)

applicants must be participating in the NFIP and must not have been suspended or have withdrawn from the NFIP to be eligible to apply

of National Flood Insurance Act (NFIA)

- HMA Unified Guidance, Part III, D.6.1 and D.7
- Section 404 Stafford Act
- 44 CFR 9.11(d)

Individual Assistance (IA)

- Federal Assistance to Individuals and Households, home repairs may not be provided in a Special Flood Hazard Area
- SBA will not provide disaster assistance loans in a community that does not participate if the damage for which the individual needs the loan was caused by flooding, or if flooding did not cause the damage but the structure is in a SFHA

- 44 CFR § 206.110(k)

Public Assistance (PA)

- If a grantee or sub-grantee does not have flood insurance as a result of being located in a suspended or sanctioned community, and the damaged structure is in a SFHA, PA assistance will only be provided for that amount of the damage that a policy claim would not have paid for
- For eligible damages not covered by a flood policy, PA will pay as usual, regardless if it is located in a SFHA or a sanctioned community
 - o limitations do not include emergency work under Category A & B for non-insurable structures such as debris removal and emergency protective measures

44 CFR § 206.252