



SECOND UPDATE
2011 Bulletin 22
Hiatus in National Flood
Insurance Program

Updated 12/24/11

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The National Flood Insurance Program has been extended through May 31, 2012 by the passage of H.R. 2055. As many of you already know this is the same highly controversial bill that extended the Payroll Tax reductions, so there was some doubt as to whether there would be another hiatus in the program.

Update: 12/19/11

Over the weekend, Congress passed and the President signed two resolutions (H.J.Res. 95 and H.J.Res. 94) which had the effect of extending the National Flood Insurance Program through December 23, 2011 (No, that's not a typo). [Here's the plain English version.](#)

Separately, our friends at ALTA report that they were successful in getting a five month extension of the NFIP included as part of H.R. 2055, that will fund the federal government for the rest of FY2012. That bill also passed the Senate over the weekend, and has been referred back to the House for approval of the conference report, then hopefully to the President for approval.

Our congratulations to the ALTA team for their success in keeping this important program running. We'll keep you posted as to any other hiccups.

Original Bulletin of 12/16/11

Effective Midnight tonight, new policies under the National Flood Insurance Program will be (at least temporarily) unavailable.

A bill to extend the Program (S. 1958) until May 31, 2012 has passed the entire Senate and been referred to the House of Representatives, but as of this writing has not been taken up by the appropriate committee. Our friends at ALTA continue to work on this problem and a more permanent solution. We all hope and expect an extension to be passed -- when they get around to it.

Until the Flood Insurance Program has been reauthorized, review your closing instructions carefully and seek changes where necessary.

Remember, you can be held responsible for complying with all written closing instructions – even if it is impossible to comply because Flood Insurance is not available. So read them carefully, and call your underwriter for more information or guidance.

A [Bulletin from the NFIP](#) sets forth the circumstances under which new policies will be issued for prior closings or ones with a pending application, as follows:

- New policies for which the application is completed on or before December 16, 2011, and the application and premium payment are received within 10 days of the application date, will be issued for coverage and will become effective on the requested effective date, in accordance with the applicable waiting period rules.
- For loans closing prior to the first day of hiatus, when the application is dated on or before closing and the premium payment is from the escrow account (lender's check), title company, or settlement attorney, and is received within 30 days from the closing date, the policy can be issued effective the date of the closing.
- For loans closing prior to the first day of hiatus, when the application is dated on or before closing and the premium payment is not part of the closing (i.e., the applicant or applicant's representative check or credit card) and the application and premium are received within 10 days of the closing date, the policy can be issued effective the date of the closing.
- For loans closing on or after the first day of hiatus, when the application is dated prior to the hiatus and the application and premium are received within 10 days of the closing date, the policy can be issued effective the date of closing.
- As always, the starting dates of NFIP coverage depend on the applicable flood insurance waiting period.

[The bulletin](#) does provide more detail and a suggested explanation for customers.

Because these parameters create the potential to “lose coverage” through delays in payment, we urge all of our members to make prompt disbursements and be aware of these timeframes.

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